



## **NATIONAL HIV/AIDS PROGRAMS**

# **Generic Procurement Management Manual** for **Community Based Organizations and Local NGOs**



**THE WORLD BANK**

## Acknowledgements

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This manual is also available at <http://www.worldbank.org/afr/aids/> under the ACT*africa* link.

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## Acronyms

<b>ACT<i>africa</i></b>	AIDS Campaign Team for Africa (World Bank)
<b>CBO</b>	Community Based Organizations
<b>CSO</b>	Civil Society Organizations
<b>LNGO</b>	Local NGO
<b>MAP</b>	Multi-Country HIV/AIDS Program for Africa
<b>NAC</b>	National HIV/AIDS Council (or Commission)
<b>NAP</b>	National HIV/AIDS Program
<b>NAPP</b>	National HIV/AIDS Program Practitioners
<b>NAS</b>	National HIV/AIDS Secretariat
<b>NGO</b>	Non Government Organizations
<b>PLWHA</b>	People Living with HIV/AIDS
<b>UNAIDS</b>	Joint United Nations Programme on HIV/AIDS

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# CHAPTER 1. INTRODUCTION TO PROCUREMENT

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These guidelines on procurement procedures and processes for HIV/AIDS programs in Africa, are meant to present the procurement management from the user's perspective. In this case, small scale Community Based Organizations (CBO) and Local Non Government Organizations (LNGO). It brings together good practices on procurement from ongoing programs and presents the procedures and methods in a simple language. This manual evolved from the need expressed in Nairobi, Kenya in June 2002 and in January 2003 by the representatives of about 24 National HIV/AIDS Program practitioners in Africa.

This manual provides guidelines for planning and managing procurement by CBOs, Local NGOs and similar civil society groups benefiting from the National HIV/AIDS Programs supported by various donors. The manual attempts to present procurement processes that can be easily customized to the local needs, or used directly.

The manual is organized in four chapters and is supported with a glossary, references and annexes. The glossary provides definitions and descriptions of commonly used terms in HIV/AIDS subprojects in Africa and procurement. The reference documents can be provided in electronic form upon request.

The manual is meant as a "living document", to be updated continually on the basis of experience on the ground and to be used by anyone involved in HIV/AIDS programs who finds them useful.

## 1.1. What is procurement management?

National HIV/AIDS Programs supporting community subprojects in the fight against HIV/AIDS are based on the idea that:

- The HIV/AIDS pandemic can only be controlled if the communities also take direct responsibility for their own preventive, care, treatment and mitigating activities<sup>1</sup>; and
- The role of government and other agencies is to provide facilitating support.

A Community Based Organization or a Local NGO (defined in section 1.4) should be responsible for the procurement **only when it has the capacity to manage the operation**. The National HIV/AIDS Program (NAP) has the responsibility to make this assessment and to provide necessary training to the CBO/LNGOs, so that they can carry out the procurement operations of their subprojects according to the procedures described in this manual. **Annex 1** provides a checklist that a CBO/LNGO or

### Box 1. Manual applicability

The procedures described in this document are subject to the financial and procurement management capacity an applicant organization (CBO/LNGO) has.

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<sup>1</sup> See glossary for definitions and descriptions

NAP can use to determine the procurement and financial management capacity.

The subsequent sections and chapters explain the processes, provide descriptions and present relevant forms and formats.

## 1.2. Who is this manual intended for?

This manual is for three audiences:

- (a) Anyone who is interested to know and/or learn what is involved in procurement for CBO/LNGOs under a National HIV/AIDS Program;
- (b) Community Based Organizations (CBO), smaller scale Civil Society Organizations and Local NGOs, as a ready reference in managing their procurement activities;
- (c) Donors who may wish to harmonize their procurement procedures to improve the efficiency and effectiveness of their HIV/AIDS support to national programs.

## 1.3. How this manual can be used?

This manual can be used to:

- Understand procurement management by CBO/LNGOs;
- Facilitate CBO/LNGOs in managing procurement activities for their subprojects; and
- Use as a training resource document.

This manual attempts to:

- Introduce key procurement concepts;
- Present procurement procedures in a straightforward way; and
- Provide necessary forms and formats that can be used by a CBO/LNGO.

### Box 2. Manual Contents

The manual is meant as a “living document”, to be updated continually on the basis of experience on the ground and to be used by anyone involving in HIV/AIDS programs who finds them useful.

## 1.4. Important definitions and terms

This section defines some key terms. A detailed **Glossary** is provided at the end of this manual.

**a) CBO (Community Based Organization) or Local NGO.** In a National HIV/AIDS Program, a CBO/LNGO is generally referred to an organization which has the following characteristics:

- An **organized** group with formal structure having at least a Chairperson, a Secretary, and a Treasurer;
- Have representation and acceptability of its community or communities;

- Have some idea about what it can deliver related to HIV/AIDS;
- Have assets or prove access to assets which may include community hall, school, health facility, refugee camp facility, means of transport, mosque or church, audio/video equipment, office space, access to phone and fax etc.;
- Able to make a contribution in cash or in kind (e.g., staff time, office overhead, utility expenses, equipment/materials etc.) to the subproject;
- Able to legally enter into an agreement either itself or through a pre-qualified surrogate with the National HIV/AIDS Program; and
- Have sufficient number of literate staff and ability to keep subproject records (like a cashbook).

**Box 3. Examples of CBOs**

- Village Committees
- Youth group
- Women group
- Group of PLWHA
- Farmer's group
- Sport clubs
- Students group
- Faith based organizations

A CBO needs people who can:

- Lead, organize and administer it;
- Manage the money by operating a bank account or to safely manage cash;
- Inspire the community or its target groups;
- Purchase and appropriately use subproject resources;
- Solve problems; and
- Find ways to sustain the subproject activities.

A CBO or LNGO may be serving more than one community and/or a number of target groups.

**b) Subproject.** It is an activity or a cluster of activities that a CBO/LNGO applies for funding to implement at the community level. These subprojects may have only one activity or a number of well defined and quantified activities.

**c) Procurement.** It is the way of ***purchasing resources*** in a transparent and cost effective manner which facilitate in the implementation of a subproject.

**d) Resources<sup>2</sup>.** They are generally categorized into the following (see **Table 1** for examples):

**Goods:** Ready made materials including equipment, consumables, medicines and food supplements etc.;

<sup>2</sup> Procurement procedures in this manual do not apply to the operating expenses like payment for utilities, travel cost of CBO/LNGO staff, communications (telephone/fax/mail), and supervision expenses for the CBO/LNGO staff etc.



- Services:** Technical experts, whether individuals or a group of people (like a NGO, a firm or another CBO/NGO);
- Civil Works:** Combination of labor, goods, and services to construct, repairs, rehabilitate and extend physical facilities (e.g., a local clinic) in a community;
- Grants:** Financial support to HIV/AIDS activities such as: school fees for orphans, books, uniform. Support for starting Income Generating Activities for PLWHA etc.

**e) Misprocurement.** A mis-procurement occurs when procurement procedures have not been followed by a CBO/LNGO and expenses are incurred. The NAP has the right to undertake appropriate legal action(s) against such CBO/LNGOs where there is misprocurement.

## 1.5. Why a clear understanding of procurement methods is necessary?

- To buy goods, services and civil works for subproject activities within a time-period;
- To get the right resources, at the right time and at the right price;
- To pay for goods, services and civil works; and
- To avoid delays in subproject implementation and higher costs.

## 1.6. What is procurement policy?

Procurement policy is to ensure:

- That resources needed to carry out the subproject are procured with due attention to economy and efficiency (lower cost, best quality and timely availability);
- Subproject funds are used to pay for resources needed; and
- All suppliers have an equal opportunity to compete.

Following<sup>3</sup> key aspects of procurement process are generally common to the Government and other donor procurement procedures:

- **Transparency, fairness and fraud prevention** is important so that everyone will know that funds are being honestly spent and accounted for;
- **Equal opportunity** ensures that the suppliers/sellers are provided with equal opportunity;
- **Economy and efficiency** (value for money) means that goods and services will be purchased at a reasonable price. This also means that the procurement planning<sup>4</sup>

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<sup>3</sup> Recommendations from the workshop of National HIV/AIDS Program Practitioners held in Nairobi, January 2003.

<sup>4</sup> See section 2.4

process of CBO/LNGOs are of satisfactory status;

- **Effectiveness**<sup>5</sup> means that the goods and services will fulfill subproject objectives.
- **The ability of the supplier/seller to provide the goods and services** has to be documented so that there is assurance that what is promised can be provided.

It is important to know that the funds CBO/LNGOs receive are public money, and it only transforms into a subproject grant when the money spent is accounted for.

## 1.7. The procurement process

A procurement process involves clear understanding of:

- What to buy?
- How to buy? and
- What legalities are involved in the process?

As long as these aspects are clearly known, procurement becomes simpler to manage (chapter 2 describes the process and methods in detail).

## 1.8. How to buy?

Procurement requires a clear understanding of:

- Identifying the **need**, that is, what is needed, how much is needed and when it is needed?
- The choices of procurement methods and identifying where to buy from; and
- Legally buying what is needed.

Chapter 2 will describe these steps in detail.

## 1.9. Deciding what to buy?

**Table 1** on the next page provides common examples of goods and services that can be bought by CBO/LNGOs.

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<sup>5</sup> Efficiency and effectiveness are often ensured through a competitive bidding process in which a bidder has to make available goods and services at the lowest possible price with acceptable quality;

**Table 1**

Examples of what can be bought?	What should be taken into consideration?
<ul style="list-style-type: none"> <li>• Office supplies (consumables including paper, pens, files, registers etc.)</li> <li>• Medicines including drugs (like aspirins, antibiotics and lotions) for opportunistic infections;</li> <li>• Supplies for home-based care of PLWHA like: plastic sheets, gloves, mosquito nets;</li> <li>• Seeds/saplings for the harvest and use of indigenous medicinal plants and herbs;</li> <li>• Food rations (or supplements) for PLWHA;</li> <li>• Equipment and materials (office, clinical, home-based care equipment – printed materials)</li> </ul>	<p><b>(i) GOODS.</b> Whenever a purchase under this category is to be undertaken, the following should be considered:</p> <ul style="list-style-type: none"> <li>• Properties or characteristics of the item that is to be purchased;</li> <li>• Quantity required with the unit of measurement;</li> <li>• Approximate date when the item is required;</li> <li>• How the payment will be made (cash/cheque), in lump-sum or in installments?</li> </ul>
<ul style="list-style-type: none"> <li>• Hiring of persons or organizations (e.g. a local NGO) to provide technical support for the preparation of community proposals, or in implementing any community based subproject related activity.</li> <li>• Services of an accountant, bookkeeper, procurement consultant, other specialists.</li> </ul>	<p><b>(ii) SERVICES.</b> When the services of a person or agency (such as an NGO or Local NGO) are to be acquired, following must be considered:</p> <ul style="list-style-type: none"> <li>• What qualifications the individual or NGO should have?</li> <li>• For how many days would the service be required?</li> <li>• How much will be paid for the service? In how many installments?</li> </ul>
<ul style="list-style-type: none"> <li>• Materials and labor related to the renovation or construction of a day-care shelter or a room for PLWHA, a community space for multipurpose basic health-care clinic.</li> </ul>	<p><b>(iii) Civil Works</b></p> <ul style="list-style-type: none"> <li>• Size and location of land for construction, or the location of existing shelter/room for renovation;</li> <li>• Design/sketch of shelter/room and specifications of work.</li> <li>• How the payment will be made (cash/cheque), in lump-sum or in installments?</li> </ul>
<ul style="list-style-type: none"> <li>• Items related to Income Generating Activities for the infected and affected;</li> <li>• Orphan support such as payment of school fees and supplies;</li> <li>• Other relevant expenses.</li> </ul>	<p><b>(iv) Grants</b></p> <ul style="list-style-type: none"> <li>• For educational expense: Financial status of the family/dependents of the person with AIDS and the cost of schooling;</li> <li>• For Income Generating Activities.</li> </ul>

## 1.10. Legalities involved

Procurement related legalities are explained in Chapter 3 and are summarized below:

### 1.10.1. Levels of contracts

There are essentially two levels of contracts:

#### a) Contract between NAP and CBO/LNGO

Upon the approval of a subproject, NAP will sign a contract with CBO/LNGO to deliver agreed objectives of the subproject within a defined period of time with one of the following contract options:

- **Option 1:** If the applicant CBO/LNGO has satisfactory existing financial and procurement management capacity, the NAP may sign a “**Service Contract**” according to which the CBO/LNGO will have to deliver well defined agreed outcomes/outputs for an agreed amount of money. In this case, the CBO/LNGO will not have the obligation to apply the procedures presented in this manual.

- **Option 2:** If the applicant CBO/LNGO does not has satisfactory existing financial and procurement management capacity, the NAP may require the CBO/LNGO to follow the procedures presented in this manual.

**b) Contract between CBO/LNGO and suppliers or service providers**

Depending on the financial value of a purchase, a CBO/LNGO has to either:

- Enter into a formal **contract** with the supplier or service provider for larger value purchases; or
- Obtain a signed **receipt** (which takes the place of the contract) for smaller value purchases. The payment voucher<sup>6</sup> can also serve as a signed receipt.

### 1.10.2. General legal aspects

- There should be a purchase committee established by the CBO/LNGO (the role of this committee is explained in Section 2.2);
- Where appropriate, an agreement/contract signed with the supplier or a service provider, before the purchase;
- Receipts (official, unofficial or signed voucher) should be kept for all expenses;
- A subproject can be suspended or terminated if there is an event which is beyond the reasonable control of either the NAP the CBO/LNGO. This includes, but is not limited to: war, riots, natural disaster etc.;
- A subproject can also be terminated if there is any material violation of the obligations set in the agreement signed between the NAP and the CBO/LNGO; or between a CBO/LNGO and supplier/service provider.
- Mis-procurement occurs when procurement procedures have not been followed by a CBO/LNGO and expenses are incurred. The NAP has the right to undertake appropriate legal action(s) against such CBO/LNGOs.

### 1.11. Key considerations during a subproject proposal preparation

Following are recommended for CBO/LNGOs during the preparation of a subproject proposal:

- For each subproject activity, clearly identify what goods and services are required (including goods and services required for civil works activities, if any);
- Understand the procurement methods presented in this manual;
- Prepare a procurement plan (see section 2.4) by answering questions to when to buy? from where to buy? and which procurement methods to use?

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<sup>6</sup> In Kenya and Ethiopia a consultant (service provider) may also sign a cash/cheque voucher (explained in Annex 5) when paid for his/her services.

- Conduct self-assessment of procurement and financial management capacity by answering the questions presented in **Annex 1**.
- Identify capacity building needs and include them as expense items in the subproject proposal (for example, consulting services of an accountant or a book-keeper for certain number of days per year, training expenses of the procurement and financial management staff etc).
- Identify the contract option with NAP (see section 1.10.1) and prepare justifications to defend the option selected.

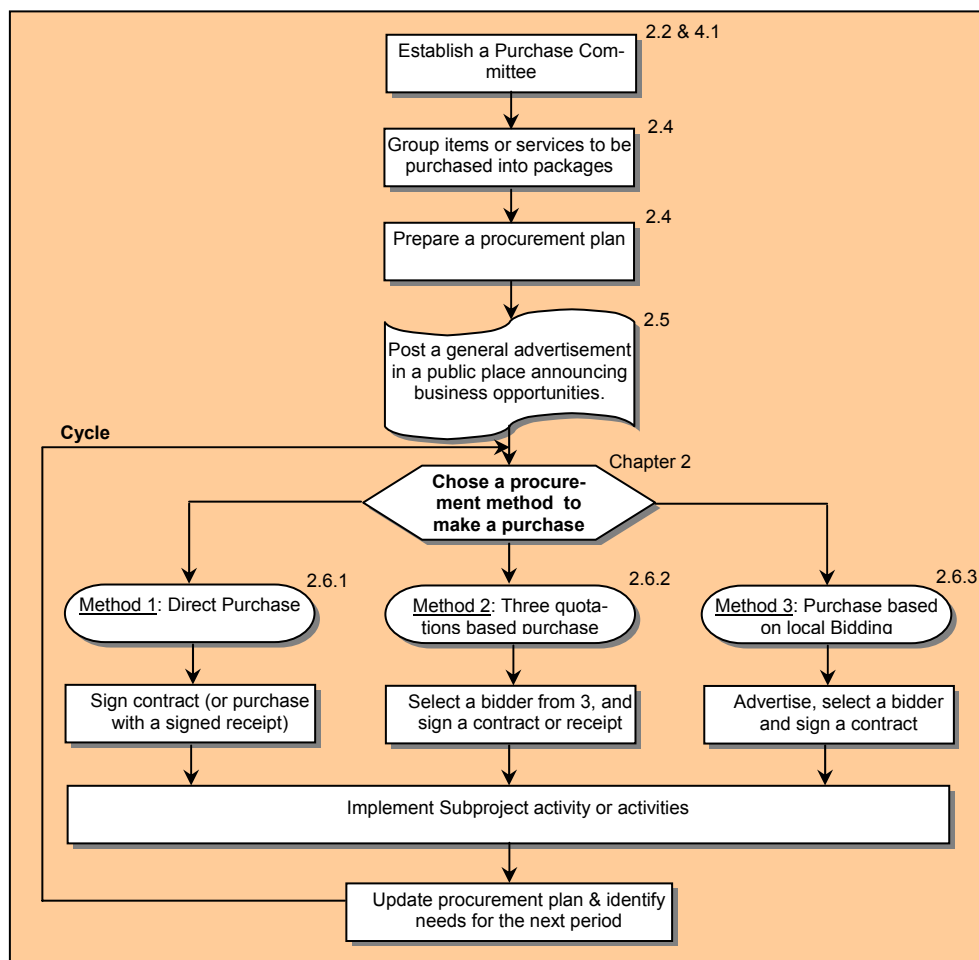
# CHAPTER II. PROCUREMENT PROCESS AND METHODS

This chapter describes the procurement process and methods applicable to CBO/LNGOs. Understanding this chapter is necessary to properly carry out the procurement activities under the National HIV/AIDS Program.

## 2.1. Overall procurement process

Figure 1 shows the overall procurement process. Relevant section numbers are shown on the right hand side of each box.

Figure 1



## 2.2. Setting up a purchase committee

CBO/LNGOs should establish a **Purchase Committee** responsible for procurement under the subproject. The committee should have **at least 3** members having expertise in technical, financial and management matters. This committee will be responsible for:

- Preparing a procurement plan and updating it regularly;
- Approving what to buy, and when to buy?
- Finalize technical specifications and terms of references (often very simple) for goods/civil works and services respectively;
- Carrying out the procurement steps defined in this manual; and
- Keeping procurement and financial records in proper order.

### 2.3. Selecting a procurement method

In general, the choice of the procurement method depends on the financial value of the resource(s) to be purchased. A **Financial Threshold** will have been set by the NAP. For example, the NAP may decide that all purchases above, say, US\$500 should use the Local Bidding Method otherwise use the Quotations based method. Therefore, this US\$500 becomes the **threshold** between one procurement method and another.

Please note that it up to the NAP to set these thresholds. An illustrative example is given below in Table 2.

**Table 2**

<b>Threshold: When the value of an item or a package of items is:</b>	<b>Use this method (described in section 2.6)</b>	<b>Key activity</b>	<b>Thresholds: Kenya example</b>
Above US\$500	Bidding method	Advertise and select a bidder/seller	Not yet applied (due to smaller expenditure items)
Between US\$100 to US\$499.99	Three quotations method	Obtain 3 quotations	Above Kshs20,000 (~US\$265)
Below US\$100	Direct purchase or buy off the shelf directly from a seller	Shop around for the best price and keep a receipt	Below Kshs20,000 (~US\$265)

### 2.4. Preparing a procurement plan

Procurement planning is scheduling steps involved to purchase resources. The CBO/LNGO should answer:

- What to buy?
- When to buy?
- How much/many to buy?
- From where to buy?
- How much to allocate for payments?

#### a) Packaging

To get the best price for goods, services or civil works, similar items should be grouped into **packages**. For example, registers, pencils, pens, file folders can be grouped into one package and called “stationery”. Procurement packaging has several advantages:

- It offers a better business chance to the sellers to supply in bulk;
- Items purchased in packages often result in lower unit cost – therefore cost savings;
- It simplifies actual purchase. All similar items are purchased in one go for a period of time. This reduces the hassle involved in buying similar things intermittently; and
- It reduces overhead costs such as frequent advertising, bookkeeping and logistics.

#### Box 4. Examples of packages

**Stationery:** Account registers, pencils, pens, file folders and flipcharts.

**Medicines:** Painkillers, Anti-diarrhea, ORS, Vitamins, Antibiotics, Antacids, Cough syrups.

**Home-base care kits:** (a) Towel, soap, waste bag, bathroom scale; (b) Pair of scissors, razor blades, cotton wool, gauze, disposable gloves, specimen bottles, thermometers, bandages. (c) Various food items including rice and beans bags. (d) Soap making items for income generation activities. (e) Other.

### b) Procurement plan preparation

Once packaging is done, the remaining individual items and packages should be recorded in the tables presented in **Annex 2**<sup>7</sup>. This brings forward a consolidated list of resources required for the entire subproject. For convenience, all goods, services and civil works are grouped under the different tables. Once the tables are completed, a procurement plan is ready.

### c) Funds disbursement vis-à-vis procurement planning

There are two methods NAP can choose to disburse funds to CBO/LNGOs:

- **Method 1**<sup>8</sup>. Disbursement based on submission of quarterly (or other convenient period) progress report including financial report. Under this procedure, (i) a CBO/LNGO receives funds for one quarter/period, (ii) implements the activities planned for the quarter, (iii) accounts for the money spent (submit report and receipts), (iv) and receives funds for the next quarter or period.
- **Method 2**. Disbursement based on the submission of Statement of Expenditure (SOE). Under this procedure, (i) a CBO/LNGO receives an initial advance (say 40%), (ii) implements activities planned for that advance, (iii) when the initial advance money level reaches to, say about 10-15%, it accounts for the money spent (submit reports and receipts), and

#### Box 5. Fund replenishment period

If a CBO/LNGO finishes its planned activities for a quarter ahead of time, it does not need to wait for the quarter (90 days or other period) to end before it can submit its quarterly report. A report should be immediately sent to NAP for further funding as soon as planned activities are implemented and the money is accounted for.

<sup>7</sup> Note that there are more information required to be entered in **Annex 2** tables, for example, "Which procurement method will be used?" column. These methods are explained in **section 2.6**.

<sup>8</sup> For example, Method 1 is used in Kenya and method 2 is used in Ethiopia and The Gambia.



(iv) receives replenishment or the next phase.

Assuming that Method 1 is clearly understood, it is a better and preferred mechanism for the disbursement of funds because of the following reasons:

- CBO/LNGO can plan for a shorter period (quarter) by focusing on specific and clearly defined activities deliverable in each quarter;
- CBO/LNGO as well as NAP knows in advance when the reports are expected; therefore cash requirement planning is better for both parties which helps in faster disbursement of funds to CBO/LNGOs;
- There is less overhead involved in record keeping and collating financial reports.

Procurement planning is not supposed to be affected by the type of disbursement method used. It is basically recommended to facilitate in better management and implementation of subproject activities as well as getting value for money. All CBO/LNGOs are recommended to prepare and regularly update their procurement plan tables (**Annex 2**) regardless of the method of disbursement used. Where capacity to store goods and suppliers exist, CBO/LNGOs should buy in bulk.

## 2.5. Advertising

At the beginning, the CBO/LNGO Purchase Committee should post a general advertisement to inform the community, as well as various suppliers and contractors about the business opportunities offered in the subproject. Advertisement is necessary to:

- Inform everyone about the business opportunities available;
- Promote transparency and accountability;
- Generate competition to get the best prices.

**Figure 2. General Advertisement  
Information on Contract Opportunities  
Dated \_\_\_\_\_**

1. The National HIV/AIDS Program (NAP) has approved a subproject for our community to fight against HIV/AIDS and save our youth and adults from this disease. Our organization has formed a Purchase Committee which will, from time to time, announce business opportunities and invite bids for the purchase of goods, services and civil works which are related to our subproject. It is intended that the funds received from the NAP will be applied to payments for these items.
2. Selection of the contractors, suppliers and consultants will be done in a transparent way on the basis of competitive procedures.
3. Interested firms or persons may obtain further information from us at the following address:  
\_\_\_\_\_  
\_\_\_\_\_

*Names of the CBO/LNGO representative(s) and signatures*

There are many ways for advertisement. Some of the commonly used include: (i) posting of a notice (**Figure 2**) in the public places including shopping areas, a tree<sup>9</sup>, com-

<sup>9</sup> In Awasa city (provincial headquarter and also a district) in Ethiopia, a tree in a public area is also used to post local announcements which attracts a good crowd.

munity hall/center, government office etc.; (ii) community discussion groups; (iii) use of local radio station; (iv) distribution of flyers; (v) local news papers etc.

## 2.6. Procurement methods and steps

Procurement methods are the rules about “**how to buy?**” resources. This section describes these rules and methods.

### 2.6.1. Direct purchase method

In the Direct Purchase method, the CBO/LNGO Procurement Committee approaches a supplier/seller or service provider familiar to the community, to provide the goods or consultancy services. After negotiations, the item/service is purchased (or a contract is signed, if needed) for the negotiated price.

This method is applied for all purchases that are **below** the financial threshold defined by the NAP (for example see **Table 1**).

However, there may be instances when some good/service is required but its estimated financial value is **above** the threshold for direct purchase method. This situation may arise due to the following:

- The competitive methods<sup>10</sup> cannot be used due to exceptional reason(s) like distance, availability of goods/services, higher overhead etc;
- Only one supplier or service provider has the qualifications or has experience of exceptional worth to carry out the assignment; or
- The assignment represents a natural or direct continuation of a previous contract awarded competitively, and the performance of the supplier or service provider has been satisfactory; or
- A quick selection of the supplier is essential, for example, in emergencies.

**Box 6. Examples of Direct purchasing.**

- Any good or consultancy service that is below the threshold defined by NAP in a table similar to Table 1 in this manual.
- If above the threshold and there is only one qualified supplier or service provider in the community.
- If above the threshold and there is an immediate/urgent need to hire the services of a specialist or to buy some supplies.

The decision on the use of this method’s is made on the basis of strong and convincing justifications, and where it offers clear advantages over the competition. It is recommended that these justifications are provided in the subproject proposal.

But when a direct purchase has to be made above the prescribed threshold for the method, the **advantages** include: immediate availability of resources in a shorter period of time and facilitation in dealing with emergency situations or to encounter sudden unfore-

<sup>10</sup> Quotations based on local bidding methods explained later.

seen needs. And the **disadvantages** include: risk of lack of transparency and risk of lack of providing opportunities to other prospect suppliers/service providers who could have provided a better service at a lower cost.

## 2.6.2. Quotations<sup>11</sup> based method

This method involves collection of at least three quotations (or proforma invoices) from different suppliers/service providers. The steps involved in this method are presented below.

**Table 3**

Step No	What has to be done?	Who should do it?	Description	See supporting annex:
1	Identify the item or the package of items to be purchased from the procurement plan (Annex 2).	CBO Purchase Committee.	Understand the specifications of the item(s) to be purchased.	--
2	Shop around for at least 3 quotations.	At least 2 people. Preferably members of the CBO Purchase Committee.	It is useful if one person has some technical knowledge about the item to be bought. Ask for discounts and negotiate for a good price. Obtain these quotations on a piece of paper with the signature of the supplier.	--
3	Prepare a comparison sheet to select the most appropriate supplier.	CBO Purchase Committee.	Write information from the quotations on a comparison form. Select the most appropriate supplier. The purchase committee members should sign on the comparison sheet.	See <b>Annex 3</b> for a comparison form and for tips on how to select a bidder?
4	Conduct the purchase	Anyone from the CBO Purchase Committee.	A person can go and pick up the items, make the payments, and obtain a receipt. <b>OR</b> The supplier may be asked to deliver the items to the CBO/LNGO office (depending on the bulk of items). This should be agreed with the supplier during step 2 above.	See <b>Annex 4</b> for relevant document.

The **advantages** of this method include: getting value for money through competition, transparency and ease in accountability/audit, and business opportunity for the suppliers/service providers. The **disadvantages** include effort and time involved in obtaining 3 quotations (which may not be available in one place), overhead in terms of selection of a supplier and record keeping.

<sup>11</sup> Also known as a Proforma-Invoice based purchase or Local Shopping method.

### 2.6.3. Local bidding method

This method is more elaborate than the quotations based purchase method. It is applicable to higher value purchases and requires more experience. This method requires advertisement of goods and services needed, giving some time to all prospect bidders to quote their prices in sealed envelopes and submit their bids, opening of the bids in the presence of all bidders, comparing the services offered and costs, selection of a successful bidder and award or signing of a formal contract.

Since this method is not currently in general use by the CBO/LNGOs in implementing their HIV/AIDS activities, the whole method is described in **Annex 11** with relevant forms and formats.

However, as CBO/LNGOs start scaling up their activities and start receiving more financial support from the NAP and procuring more goods and services; it is likely that they will need to apply this method.

## 2.7. Procurement monitoring

CBO/LNGOs must keep procurement documents in proper order. They include:

- The procurement plan;
- Proof of advertisement;
- Copies of contracts signed;
- All receipts;
- Payment record (voucher);
- Record of items in storage.

A representative of the NAP, from time to time, will check records to ensure that the procedures described in this manual are followed and records are kept in proper order as part of the normal NAP process of ensuring that program funds are used appropriately.

The representatives may also ask the CBO/LNGO Purchase Committee to show where a purchased good or service has been used.

Before a payment is made to a supplier or service provider, the CBO/LNGO Purchase Committee should inspect and certify that the goods/services are in acceptable condition. When the CBO/LNGO lacks the expertise to make an inspection, it may contact the nearest NAP office for assistance and help.

# CHAPTER III. LEGAL ASPECTS

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CBO/LNGOs, whose subproject proposals have been approved, will sign a formal agreement with the NAP. To do so, CBO/LNGOs must meet the minimum standards set forth in the laws of the country.

## 3.1. Legal agreements/contracts

The agreement with the National HIV/AIDS Program (or its representative office) obligates the CBO/LNGO to:

- Complete the targets specified in the approved proposal;
- Finish subproject implementation in the specified time presented in the proposal;
- Maintain acceptable standards of quality during implementation;
- Utilize funds only on items specified in the approved subproject proposal;
- Maintain all receipts against expenses; and
- Provide detailed account of all expenditures.

If a CBO/LNGO does not fulfill the terms and conditions of the agreement, the following actions can be taken:

- Legal action to recover money lost in case of misrepresentation of facts or misuse of funds;
- Suspend or terminate the subproject and undertake legal actions against the CBO/LNGO.

The types of contract agreements between NAP and CBO/LNGO; and between CBO/LNGO and a seller of goods or services are introduced in Section 1.10.1. These contracts are described in the following.

### 3.1.1. Service contract between NAP and CBO/LNGO

If an applicant CBO/LNGO has satisfactory existing financial and procurement management capacity, and the NAP is satisfied with the past performance of the CBO/LNGOs (not necessarily only with the NAP), it may sign a “**Service Contract**” with the CBO/LNGO according to which:

- The CBO/LNGO will have to deliver well defined agreed outcomes/outputs for an agreed amount of money;
- The CBO/LNGO will not have the obligation to apply the procurement procedures presented in this manual – they may use their own internal procedure;
- NAP will not be concerned with the paper work or the way CBO/LNGO manages the subproject or procures expenditure items;
- NAP, with agreement of the applicant CBO/NGO, would include in the contract

document a list of well defined, time bound, outcome/output indicators, and will hold the CBO/LNGO accountable for the delivery of these; and

- NAP can agree with CBO/LNGO an appropriate funds disbursement method.

The advantages of such service contracts include:

- CBO/LNGOs having greater flexibility and opportunity to focus on scaling up their activities;
- The delivery of outputs/outcomes is ensured by the CBO/LNGO; and
- NAP would not need to track the paperwork and would not need to waste time and efforts in knowing how and why a CBO/LNGO is managing its operations.

See **Annex 8** for a sample contract.

### **3.1.2. Standard contract between NAP and CBO/LNGO**

If an applicant CBO/LNGO does not have satisfactory existing financial and procurement management capacity, the NAP may require the CBO/LNGO to follow the procedures presented in this manual.

In such contracts, CBO/LNGOs will need to keep all receipts, accounting books and submit financial reports to NAP as demanded.

See **Annex 9** for a sample contract.

### **3.1.3. Contract between CBO/LNGO and suppliers**

When a CBO/LNGO purchases high value goods or services, a contract should be signed between the CBO/LNGO and the seller or consultant. Generally, the need for signing a contract is required when the Local Bidding method is used (explained in **Annex 11**).

Contracts should be signed for all professional consultancy services regardless of the procurement method (this does not include hiring of skilled or unskilled laborer).

## **3.2. Dispute with supplier (or service provider)**

When an agreement has been reached between the CBO/LNGO and a supplier or service provider, the supplier is obliged to fulfill its commitments. Where there are problems and disputes, the CBO/LNGO can request assistance from the nearest National HIV/AIDS Program office.

## **3.3. Conflict of interest**

Enterprises owned by the CBO/LNGO members and their immediate relatives are allowed to participate only under the Local Bidding Method but not under the quotations based method. Direct purchase method may be accepted from such sources if it is the only efficient and economical source.

# CHAPTER IV. ADMINISTRATION & MANAGEMENT

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This chapter describes the administrative and managerial tasks involved in conducting procurement related activities.

## 4.1. Responsibilities of the CBO/LNGO Purchase Committee

The CBO/LNGO Purchase Committee should have a member who has sufficient skills in managing financial matters (e.g., the treasurer of the CBO/LNGO). These skills include: maintenance of cash in/out registers, recording quotations, checking market prices, and the ability to deal with a bank and manage a cashbox/safe.

A minimum of 3 members are suggested for a CBO/LNGO Purchase Committee. A CBO/LNGO may invite more people to form this committee; and/or provide relevant technical advice.

Following are the key responsibilities of a CBO/LNGO Purchase Committee:

- Prepare a procurement plan;
- Identify procurement needs for reasonable time durations;
- Approve what to buy and when to buy;
- Group similar expenditure items into relevant/convenient package(s);
- Carry out the procurement steps defined in this manual; and
- Keep procurement and financial records.

## 4.2. Financial Management

The treasurer of the CBO/LNGO is responsible for the maintenance of the subproject accounts.

### a) Subproject account and signatories

CBO/LNGOs benefiting from the financial support of NAP, should open a bank account in a nearest commercial or government bank (or in a post office). Signatories for withdrawal of money should be at least 2 people, one of whom should be the treasurer.

In case where there is no banking service within a convenient distance, CBO/LNGO may open a bank account in the nearest banking facility and have a safe to keep the cash.

### Payments

CBO/LNGOs should pay their contractors, suppliers or service providers using the following procedures:

- Identify the expenditure to be made by referring to the approved subproject work

plan;

- Prepare a voucher (see **Annex 5** for a sample);
- Write the expense item on which money has to be spent;
- Obtain signatures of the two signatories of the CBO/LNGO;
- Pay money by cheque or cash;
- Obtain the signature of the contractor, supplier or service provider on a receipt;
- File the voucher and signed receipt in a safe place.

As to “when” payments are made, one of the following methods should be used:

- **Payments on delivery of goods or completion of services.** The total payment is done when goods/services has been delivered per agreement.
- **Installment payments.** An advance (e.g., 20-40%) is provided to the supplier/service provider on the signing of the contract – or when an order is placed. The remaining payments are made in 1-3 subsequent parts. The final payment is made when the goods/services have been received by the CBO/LNGO.

## **Receipts**

The CBO/LNGO Treasurer should keep receipts for all expenses in proper order. Issuance of a receipt is the responsibility of the person receiving money from the CBO/LNGO. However, there are cases when a formal receipt is not possible. In such a case, the CBO/LNGO Treasurer should prepare an unofficial receipt and obtain the person’s signature or thumb impression.

- **Official receipts** are provided by the person or seller from their own receipt book after being paid for their services.
- **Unofficial receipts** are acceptable when a person or seller does not have his/her own receipt book. This is usually the case with laborers and small sellers. See **Annex 6** for a sample.

### **Box 7. Cheque/Cash Vouchers as a receipt**

A cheque or cash voucher can also be used as a receipt upon signature from the seller or service provider.

Unofficial receipts should provide information on the identity of the seller receiving the money, the purpose of payment, location where the payment was made, date of payment, the amount of payment and the signature or thumb impression of the recipient.

Receipts should have a number provided by the Treasurer. Receipts should be kept in original and in dated order. The CBO Purchase Committee should issue a **goods received note** to the supplier and keep a copy in records. A sample is presented in **Annex-4**.

## **Audit of accounts**

The NAP has the right to audit a subproject. It is therefore necessary that the CBO/LNGO keep all financial records (including receipts) in proper order.



## 4.4. Store Keeping

Items purchased or supplied to a CBO/LNGO and relevant documents are the responsibility of the CBO/LNGO:

- The CBO/LNGO should undertake appropriate measures in storing items, such as, allocating a secure room or storage area under lock and key;
- Medical items should be kept separately from other goods and materials;
- If needed, a watchman should safeguard the stored supplies;
- The CBO/LNGO should designate a person (storekeeper) who is responsible for the storage;
- The storekeeper should keep a store record book as suggested in **Annex 7**.

## 4.5. Technical assistance

CBO/LNGOs can hire an accountant, a book-keeper and/or a procurement specialist as a consultant for a certain number of days per year. The cost of such services (or consultancies) can be included in the subproject proposal. **Annex 10** presents generic Terms of References for such expertise.

## 4.6. Price escalations

During subproject implementation, the suppliers of goods or the consultants may increase the prices of the goods/services they are providing. **Table 4** presents some general scenarios of price escalations and suggests some actions:

**Table 4**

Common reasons for price escalation	Suggested actions
1) There is a general increase in prices by the government for one commodity or a general increase in the sales tax or VAT.	Update the subproject plan based on the general price increase and inform NAP.  Do not wait for any re-approval, but continue to implement subproject activities according to the updated plan.
2) Local seller increases prices of items or commodities that CBO/ LNGO has been buying in the past.	Ask the seller reasons behind the price escalations and contact NAP immediately for advise.  Seek alternate sellers in nearby areas.
3) A service provider (or a consultant) increases his/her fees during an on-going assignment/contract.	This is not allowed. A consultant may not increase his/her fees during an ongoing assignment. However, if there is a genuine need and it is justified that due to some unforeseen factors at the beginning of the assignment, NAP may allow the CBO/NGO to increase the consultant fees.
4) A service provider or a consultant who has completed his/her previous contract with CBO/LNGO may ask for increase in his/her fees for the next contract or assignment.	A consultant may make such a demand. CBO/LNGO must assess the valid reasons behind the demand and contact NAP for any advise. Such increase may be allowed on the basis of annual average salary increases in the country.

# REFERENCES

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8. Fiduciary management for Community-Driven Development, May 2002;
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# GLOSSARY

Terms	Definitions and Descriptions
Care (also see palliative care)	Activities providing some level of health services to those living with HIV/AIDS (e.g. home-based care programs). This term is also sometimes frequently used to refer to social welfare programs supporting orphans and other vulnerable children that are non-medical in nature.
Cashbook	It is a record book to register all instances of cash received, who provided the money, on which date, in cash or by cheque. Similarly all instances of when cash is spent, for what purpose, on what date and who approved are recorded in the cashbook. Receipt number and /or cheque number is also recorded.
CBO (Community Based Organization) or a LNGO (Local NGO)	<p>A CBO/LNGO is generally referred to an organization which has the following characteristics:</p> <ul style="list-style-type: none"> <li>• An <b>organized</b> group with formal structure having at least a Chairperson, a Secretary, and a Treasurer;</li> <li>• Have representation and acceptability of its community or community groups;</li> <li>• Have some idea about what it can deliver related to HIV/AIDS;</li> <li>• Have assets or prove access to assets which may include: community infrastructure, community hall, school, health facility, refugee camp facility, means of transport, mosque or church, audio/video equipment, communications etc;</li> <li>• Able to make a contribution in cash or in kind to the subproject;</li> <li>• Able to legally enter into an agreement either itself or through a pre-qualified surrogate with the National HIV/AIDS Program; and</li> <li>• Have sufficient level of literacy and ability to keep subproject records (like a cashbook).</li> </ul> <p>A CBO/LNGO needs people who can:</p> <ul style="list-style-type: none"> <li>• Lead, organize and administer it;</li> <li>• Manage the money by operating a bank account;</li> <li>• Inspire the community or its target groups;</li> <li>• Purchase and appropriately use subproject resources;</li> <li>• Solve problems; and</li> <li>• Find ways to sustain the subproject activities.</li> </ul>
Civil Works	Combination of labor, goods, and services to construct, repair, rehabilitate and extend physical facilities (e.g., a local clinic) in a community
Contract	It is a legal binding agreement between a purchaser (CBO) and the seller (suppliers of goods or services)
Disbursement	It is process or method by which money is provided to CBO/LNGO by NAP. It can be based on (a) the submission of a periodic report by CBO/LNGO, or (b) based on an initial advance and subsequent replenishment of expenses.
Direct Contracting	This method is used when the value of item is very small, or only one seller or service provider has the qualifications or experience of exceptional worth to carry out the assignment. Off the self purchases are also done under this method.
Goods	Ready made materials including equipment, consumables, medicines and food supplements etc.
Grants	Financial support to HIV/AIDS activities such as: school fees for orphans, books, uniform. Support for starting an Income Generating Activity for PLWHA etc.
HIV/AIDS	<p><b>AIDS</b> stands for:</p> <ul style="list-style-type: none"> <li>• <b>Acquired:</b> Not inborn, passed from person to person, including from mother to baby</li> <li>• <b>Immune:</b> Relating to the body's immune system, which provides protection from disease-causing germs</li> </ul>

Terms	Definitions and Descriptions
	<ul style="list-style-type: none"> <li>• <b>Deficiency:</b> Lack of response by the immune system to germs</li> <li>• <b>Syndrome:</b> A number of signs and symptoms indicating a particular disease or condition</li> </ul> <p>AIDS is caused by a virus called HIV or Human Immunodeficiency Virus, which attacks, and over time, destroys the body's immune system.</p> <p>Due to the destruction of the immune system, the human body cannot defend itself from various diseases and thus attracts various illnesses. This virus makes it easier for a person to get all sorts of diseases from flu (influenza) to tuberculosis, herpes and other sexually transmitted illnesses. Infections that develop because of HIV are called <b>opportunistic infections</b>.</p> <p>To, reproduce, HIV must enter a body cell, which in this case, is an immune cell. By interfering with the cells that protect us against infections, HIV leaves the body poorly protected against the particular types of diseases which these cells normally deal with.</p>
IEC/BCC	Information, Education and Communications initiatives that are targeted to bring change in the human behavior towards HIV/AIDS. BCC is referred to Behavioral Change Communications.
Invitation	Letters with instructions sent to the sellers/suppliers or service providers inviting them to submit their price quotations to compete for the supply of goods, services or civil works to the CBO/LNGO.
Local Bidding Method	In the Local Bidding Method, the purchaser advertises for the goods and services needed and gives at least 15 days to the bidders to submit their bids. The bids are opened in the presence of the bidders and the quoted prices, quantities are noted in a comparison sheet. The successful bidder is then selected by the purchaser (or CBO/LNGO Purchase Committee).
Local Shopping Method	In this method, the purchaser sends written invitations for goods or services to at least three bidders and based on the prices quoted, selects the one which provides the goods or services requested at the lowest price and best quality.
Misprocurement	A mis-procurement occurs when procurement procedures have not been followed by a CBO/LNGO and expenses are incurred. The government has the right to undertake appropriate legal action(s) against such CBOs where there is misprocurement.
Mitigation	Activities designed to reduce the impact of the epidemic (e.g. provision of school fees, food, and/or clothing to children in a household affected by AIDS; strengthening of social safety nets etc.)
Opportunistic infections	See HIV/AIDS.
Palliative care	<p>In 1990, the World Health Organization defined palliative care as:</p> <p>“the active total care of patients whose disease is not responsive to curative treatment. Control of pain, of other symptoms, and of psychological, social and spiritual problems is paramount. The goal of palliative care is the achievement of the best possible quality of life for patients and their families.</p> <ul style="list-style-type: none"> <li>• Many aspects of palliative care are also applicable earlier in the course of the illness, in conjunction with anticancer treatment</li> <li>• Palliative care: <ul style="list-style-type: none"> <li>○ Affirms life and regards dying as a normal process</li> <li>○ Neither hastens nor postpones death</li> <li>○ Provides relief from pain and other distressing symptoms</li> <li>○ Integrates the psychological and spiritual aspects of patient care</li> <li>○ Offers a support system to help patients live as actively as possible until death</li> <li>○ Offers a support system to help the family cope during the patient's illness and in their own bereavement.</li> </ul> </li> </ul> <p>Radiotherapy, chemotherapy and surgery have a place in palliative care, provided that the symptomatic benefits of treatment clearly outweigh the disadvantages.</p>

Terms	Definitions and Descriptions
	Investigative procedures are kept to a minimum.”
Prevention	Activities designed to reduce the likelihood of a new HIV infection (e.g. IEC/BCC, school health programs, condom promotion, VCT)
Procurement	It is the way of purchasing resources in a transparent and cost effective manner which facilitate in the implementation of a subproject
Procurement audit	In a procurement audit, the recrds are checked by specially appointed persons who are authorized by the National HIV/AIDS Program. In this audit, the CBO will need to produce all documents related to purchase of items during a subproject implementation. These documents may include advertisement copy, invititions to bid, bids comparision sheets, receipts, cashbook, vouchers.
Purchase Committee (of CBO)	<p>A minimum of 3 members are suggested for a CBO/LNGO Purchase Committee. A CBO may invite more people to form this committee; and/or provide relevant technical advice.</p> <p>The CBO/LNGO Purchase Committee members should have a member who has sufficient skills in managing financial matters (e.g., the treasurer of the CBO/LNGO). These skills include: maintenance of cash in/out registers, recording quotations, checking market prices, and the ability to deal with a bank and manage a cashbox/safe.</p> <p>Following are the key responsibilities of a CBO/LNGO Purchase Committee:</p> <ul style="list-style-type: none"> <li>• Prepare a procurement plan;</li> <li>• Identify procurement needs for reasonable time durations;</li> <li>• Approve what to buy and when to buy;</li> <li>• Group similar expenditure items into one package;</li> <li>• Carry out the procurement steps defined in this manual; and</li> <li>• Keep procurement and financial records.</li> </ul>
Purchaser	The CBO/LNGO is a purchaser of goods and services
Receipt	A seller gives a written description of goods/services, the quantity and the cost to the CBO/LNGO in case a purchase is made. In other instances, the CBO/LNGO also issues a receipt to the seller when the seller delivers the goods and services requested.
Seller or bidder	The supplier of goods or the service provider of services is a seller or bidder
Service Provider	An professional individual or a firm that has technical knowhow in an specialized area.
Services	Technical experts, whether individuals or a group of people (like another NGO or a firm)
Signatories	These are at least two people of the CBO/LNGO who sign sheques and vouchers to draw money from the subproject bank account for payments.
Subproject	It is an activity or a cluster of activities that a CBO/LNGO applies for funding to implement at the community level. These subprojects may have only one activity or a number of well defined and quantified activities. Please see Annex 1 for an illustrative list of activities that a CBO/LNGO can undertake in a subproject related to the prevention, care, treatment and mitigation of HIV/AIDS.
Supplier	A business setup that sells goods.
Support	Activities providing social, psychological, and/or economic relief to those infected or affected by HIV/AIDS (e.g. counseling services by faith-based groups; Income Generating Activities for widows and orphans)
Treatment (also see palliative care)	Provision of health services intended to reduce HIV/AIDS-related morbidity or mortality. This is not limited to the provision of ARV therapy, but also could include TB prophylaxis and DOTS, in addition to the management of other opportunistic infections, and also HIV-related malignancies.
Voucher	A form, that is filled by the CBO/LNGO Treasurer or its accountant for approval and signature by the CBO/LNGO management for any payment. The voucher contains information on who will get the payment, for what good or service delivered, when, and of what amount.

# ANNEXES

## Annex 1. Self assessment checklist

### A. Budgeting

- |   |          |  |
|---|----------|--|
| 1. Does the organization have an overall organizational budget?                                   | (Yes/No) |  |
| 2. Does the organization have a budget for each subproject separately?                            | (Yes/No) |  |
| 3. How many different sources of funding does the organization have?                              | Number   |  |
| 4. What is the organization's annual administrative expense as a percentage of the annual budget? | Percent  |  |

### B. Accounting System

- |   |          |  |
|---|----------|--|
| 5. Does the organization have an accountant?  | (Yes/No) |  |
| 6. How many bank accounts does the organization operates?                                   | Number   |  |
| 7. When was the last financial report of the organization produced? (months)                | Number   |  |
| 8. What % of payments are made by: Cheque _____% and by Cash _____%                         |          |  |
| 9. Are payments supported by a payment voucher?   | (Yes/No) |  |
| 10. How often does the organization prepare financial statements for its projects? (months) | Number   |  |

### C. Financial Controls

- |  |          |  |
|--|----------|--|
| 11. How many signatures are required on the organization's cheques?        | Number   |  |
| 12. Are cheques signed by the same person who prepares them?               | (Yes/No) |  |
| 13. Is a bank reconciliation done monthly?                                 | (Yes/No) |  |
| 14. How often are financial reports prepared by the organization? (months) | Number   |  |

### D. Procurement

- |  |          |  |
|--|----------|--|
| 15. Does the organization have a dedicated person to manage all purchases?   | (Yes/No) |  |
| 16. Does the organization have its own written procedures on purchasing goods/services?  | (Yes/No) |  |
| 17. When purchases are made, is more than one price quote sought before buying?<br>Above what financial level are price quotes sought? _____ | (Yes/No) |  |
| 18. Does the organization maintains a register on its inventory of goods and supplies?   | (Yes/No) |  |
| If yes, does it have a storekeeper?  | (Yes/No) |  |
| 19. Who makes the decision to procure? _____ Is it a collective decision?  | (Yes/No) |  |
| 20. Does the organization maintain records of procurement? (proformas, delivery notes, waybills, invoices, receipts etc.)                    | (Yes/No) |  |

**Note:** This checklist is presented to facilitate the CBO/LNGOs who may wish to conduct a self assessment of their capacity in managing finances and purchases.

## Annex 2. Procurement Plan formats

### For goods (materials, equipment, drugs and supplies)

Item description (What to buy?)	Month when needed (When to buy?)	Quantity (How many to buy?)	From where to buy?	Estimated cost	Which procurement method will be used?
Pick individual items OR do packaging of similar items and write them in this column.			Identify, from where this package or item is most likely to be bought.		Write the procurement method planned to be used (section 2.6.)



**For services (Individuals, NGO or Local NGOs)**

What type of service is needed?	Month when needed	Needed for how many days?	Is this an Individual or NGO/LNG0?	Total Estimated cost	Which procurement method will be used?

**For civil works (construction, repairs, reconstruction)**

Item description (What to buy?)	Month when needed (When to buy?)	Quantity (How many to buy?)	Supplier (From where to buy?)	Total Esti- mated cost	Which pro- curement method will be used?

### Annex 3. Quotations Comparison Form

Name and description of item to be purchased: \_\_\_\_\_

Quotation number	Date of quotation	Quotation information	Decision (Reasons for selection or rejection)
		<b>Received from:</b>  <b>Price quoted:</b>  <b>Delivery time:</b>	
		<b>Received from:</b>  <b>Price quoted:</b>  <b>Delivery time:</b>	
		<b>Received from:</b>  <b>Price quoted:</b>  <b>Delivery time:</b>	

\*\*Give reasons if the lowest price quote is not selected.

Signatures of the CBO/LNGO Purchase Committee members:

\_\_\_\_\_

\_\_\_\_\_

The CBO/LNGO Purchase Committee should fill in the details as follows:

- At the top of the Comparison Sheet, write the name of item to be purchased;
- Write the quotation number in the first column;
- Write the date the quotation was received/collected;
- Write who has submitted the quote, at what price and what is the delivery time offered (or availability). This information is written in column 3.
- In the last column write the points why one seller is accepted or rejected.

A seller can be rejected based on several reasons. Some of them are given below:

- The information provided in the quotation is incomplete;
- The supplier cannot deliver the supplies in the time required;
- The supplier does not have the capacity to deliver;
- The quoted price is high;
- The guarantees are not available (if applicable);
- The supplier can not provide after sales support (if applicable).

### Annex 4. Goods received note/receipt

Name and address of CBO/LNGO: \_\_\_\_\_

Receiving official of CBO/LNGO: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Supplier : \_\_\_\_\_

DATE OF SUP-PLY	DESCRIPTION	QUANTITY	UNIT PRICE	VALUE
<b>TOTAL</b>				

GOODS HAVE BEEN CERTIFIED AS CORRECT RECEIPTS.

Name of receiving Officer.....	Signature.....	Date.....
Certified by.....	Signature.....	Date.....

Annex 5. Sample payment voucher  
**CASH/CHEQUE**

Voucher Number: \_\_\_\_\_

Name and address of CBO/LNGO: \_\_\_\_\_

From: (issuing official of CBO/LNGO).....

Date: .....

Please issue cash/cheque in favor of: \_\_\_\_\_

Amount in figures: \_\_\_\_\_

Amount in words \_\_\_\_\_

Cheque No. \_\_\_\_\_

Date: \_\_\_\_\_

Particulars of payment:

Voucher prepared by: \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Authorized by: \_\_\_\_\_ Signature: \_\_\_\_\_ Date \_\_\_\_\_

Name of Recipient \_\_\_\_\_

Signature of Recipient \_\_\_\_\_ Date \_\_\_\_\_

## Annex 6. Unofficial receipt for goods

The need for such receipts usually arise when the supplier of goods does not has a receipt in his/her business name. Since every expenditure must have a receipt, the CBO/LNGO may write a receipt on behalf of the supplier or seller and obtain the seller's signature and/or thumb impression. A sample of such a receipt is presented below:

**Date:** \_\_\_\_\_

**Items sold:**

SNo	Item	Unit description	Cost per unit	Quantity	Total cost
				<b>TOTAL COST</b>	

Name of the business/seller \_\_\_\_\_

Signature of the business/seller \_\_\_\_\_

## Annex 7. Storage management record

Storage Record for Item \_\_\_\_\_ (write item name)

Date	Received or Issued?	From or To (Name)	How much or many?	How many returned back?	Balance (in-hand)	Checked by

Use separate sheets for different Items.  
Keep all sheets filed in a file folder.



## Annex 8. Sample Service Contract

This Annex provides a standard sample Service Contract document as an example. In general terms, NAP can sign such a contract with CBO/LNGO based on a lump-sum cost estimate for the delivery of well defined outputs and outcomes.

## CONTRACT FOR CONSULTING SERVICES

### SMALL ASSIGNMENTS LUMP-SUM PAYMENTS

#### CONTRACT

THIS CONTRACT ("Contract") is entered into this *[insert starting date of assignment]*, by and between National HIV/AIDS Program ("the Client") having its principal place of business at *[insert Client's address]*, and *[insert CBO/LNGO's name]* ("the Consultant") having its principal office located at *[insert CBO/LNGO's address]*.

WHEREAS, the Client wishes to have the Consultant perform the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

#### 1. Services

- (i) The Consultant shall perform the services specified in Annex A, "Terms of Reference and Scope of Services," which is made an integral part of this Contract ("the Services").
- (ii) The Consultant shall provide the personnel listed in Annex B, "Consultant's Personnel," to perform the Services.
- (iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Annex C, "Consultant's Reporting Obligations."

#### 2. Term

The Consultant shall perform the Services during the period commencing *[insert starting date]* and continuing through *[insert completion date]*, or any other period as may be subsequently agreed by the parties in writing.

#### 3. Payment

##### A. Ceiling

For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed *[insert amount]*. This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant.

##### B. Schedule of Payments

The schedule of payments is specified below:<sup>1</sup>

*[insert amount and currency]* upon the Client's receipt of a copy of this Contract signed by the Consultant;

*[insert amount and currency]* upon the Client's receipt of the draft report, acceptable to the Client; and

*[insert amount and currency]* upon the Client's receipt of the final report, acceptable to the Client.  
*[insert amount and currency]* Total

##### C. Payment Conditions

Payment shall be made in *[specify currency]*, no later than **30 days** following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4.

**4. Project Administration**

A. Coordinator.

The Client designates Mr./Ms. *[insert name]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.

B. Reports.

The reports listed in Annex C, "Consultant's Reporting Obligations," shall be submitted in the course of the assignment, and will constitute the basis for the payments to be made under paragraph 3.

**5. Performance Standards**

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

**6. Confidentiality**

The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.

**7. Ownership of Material**

Any studies reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.<sup>2</sup>

**8. Consultant Not to be Engaged in Certain Activities**

The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.

**9. Insurance**

The Consultant will be responsible for taking out any appropriate insurance coverage.

**10. Assignment**

The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.

**11. Law Governing Contract and Language**

The Contract shall be governed by the laws of *[insert government]*, and the language of the Contract shall be<sup>3</sup> *[insert language]*.

**12. Dispute Resolution<sup>4</sup>**

Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client's country.

**FOR THE CLIENT**

**FOR THE CONSULTANT**

Signed by \_\_\_\_\_

Signed by \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

---

### List of Annexes

- Annex A: Terms of Reference and Scope of Services [describe what has to be delivered – sub-project proposal]
- Annex B: Consultant's Personnel [list who will be involved in implementing the subproject]
- Annex C: Consultant's Reporting Obligations [define what reports CBO/LNGO will submit]

### Footnotes:

1. Modify, in order to reflect the output required, as described in Annex C.
2. Restrictions about the future use of these documents and software, if any, shall be specified at the end of paragraph 7.
3. The law selected by the Client is usually the law of its country. However, the Bank does not object if the Client and the Consultant agree on another law. The language shall be English, French, or Spanish, unless the Contract is entered into with a domestic firm, in which case it can be the local language.
4. In the case of a Contract entered into with a foreign Consultant, the following provision may be substituted for paragraph 12: "Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force."

## Annex 9. Sample standard contract between NAP and CBO/LNGO

This annex provides a sample contract **as an example** that can be customized to be signed between a CBO/LNGO and the NAP.

The highlighted areas may be changed as suitable by the NAP.

Agreement

Between

**The National HIV/AIDS Program**

*And*

*[Name of the CBO/LNGO]*

for the implementation of

*[Subproject Title]*

*Agreement Date* \_\_\_\_\_

This Agreement is made on [the day] of [month], 20\_\_ between [country name] National HIV/AIDS Program, of [address] on the one hand, and the [name of the CBO/LNGO] Located at [address], hereinafter called "the Beneficiaries" acting by its Chairperson and either the Secretary, Treasurer and one member at large:

Messrs./Mme: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**WHEREAS,**

- (a) The Government of \_\_\_\_\_ has declared its intention to carry out the National HIV/AIDS Program (hereinafter referred to as NAP) in collaboration with such non-governmental and community organizations as have indicated an interest in contributing to it;
- (b) the Contractor has offered to participate in the implementation of the NAP by serving as an Implementing Agency;

**NOW THEREFORE** the parties hereby agree as follows:

**0. General Provisions**

**Definitions**

The following terms have the following meanings:

- 1. "Applicable Law" means the laws of The Gambia;
- 2. "NAP" means the National HIV/AIDS Program or its Secretariat;
- 3. "Party" means the Beneficiaries as the case may be;
- 4. "Community development activities" are activities approved by NAP under the plan prepared for the Beneficiaries' Project;
- 5. "Subproject" is an investment and related activities initiated and to be undertaken by the Beneficiaries and described in an attachment to this agreement;
- 6. "Amount" is the funds made available by the NAP.

**1. NATURE OF THE PROJECT**

- 1.1 The contractor agrees to carry out the services, and/or deliver the goods, as presented and described in the Project Proposal hereinafter referred to as "Project", as summarized in **Annex A**;
- 1.2 The total cost of the project is \_\_\_\_\_ ;
- 1.3 The subproject is contemplated for a period of \_\_\_\_\_ **months** to be carried out in the following physical locations: \_\_\_\_\_ of \_\_\_\_\_ **country** .
- 1.4 This contract will be effective upon signature of both parties. The Contractor agrees to begin activities under the project as described in the "Implementation Plan" (**Annex A**) upon receipt of the first payment from NAP as described in Clause 4.2 of this Contract.

**2. FINANCING**

- 2.1. In order to carry out the subproject and in accordance with the approved subproject Budget, NAP agrees to provide the contractor with the total amount of \_\_\_\_\_ herein after referred to as the Contract Price. Total payment to the contractor will not exceed the Contract Price unless this Contract is modified in accordance with Clause 8;

### 3. SPECIAL CONDITIONS

3.1. The Government of country designates the NAP as the executing agency for the Government.

3.2. ....

### 4. DISBURSEMENTS AND USE OF FUNDS

4.1 NAP agrees to provide its portion of the amount noted in Clause 2.1 to the Contractor in as indicated in the Disbursement Schedule (**Annex B**);

4.2 The first payment will be made upon signature of the Contract and the completion of any other conditions indicated in Annex D and/or Clause 3. Subsequent payments shall be made after all conditions listed in the Disbursement Schedule for such payments have been met; and the Contractor has submitted an invoice to the Government specifying the amount due. All payments shall be made in the most expeditious fashion, care of:

Contractor's Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Name of Bank: \_\_\_\_\_

Address of Bank: \_\_\_\_\_

4.3 To be recognized, cost incurred by the contractor under this contract for the execution of the project must be (i) reasonable i.e. not exceeding costs that one would prudently incur in the execution of similar activities, (ii) assignable to the needs of the project and (iii) eligible i.e. that respond to the budget categories, limitations and restrictions as established in the budget for the project;

4.4 The contractor's procurement systems and procedures must ensure that the purchase of goods, works and services will be transparent and in accordance with acceptable procurement practices. At a minimum, the Contractor will abide by the procedures outlined in the "Procurement Procedures for Implementing Agencies" (**Annex C**) and the thresholds spelt out therein;

4.5 The contractor shall inspect by itself or jointly with representatives of NAP, or other donor agencies or other NGOs (if NAP or donor agency shall so request) such goods, works or services included in the project, the operation thereof, and any relevant records and documents so as to satisfy itself that the said goods, works, services, and their operation reach an acceptable standard, correspond to specifications and fulfill the purpose for which they were purchased;

4.6 The contractor shall be exempt from paying duty on the importation of goods to be used in the implementation of this Project. The Government agrees to facilitate any required duty and tax waivers as appropriate;

4.7 Any interest earned on advances made under this contract will either be applied to the execution of the subproject or returned to the Government;

4.8 The contractor may reallocate resources from one budget category to another up to a maximum of 10% of the value of either category, in such a way as to have no effect on the total contract value, without the prior approval of NAP;

4.9 The contractor will reimburse to the Government the amount or amounts of funds specified in the following cases;

a) any and all amounts disbursed to the contractor not used or committed for use at the time this contract is terminated; and

b) any and all amounts used for activities or objectives not approved under the project as determined by an audit, or financial review carried out by the Government or its representative during the course of and up to one year after the termination of this contract;

### 5. ACCOUNTING AND AUDITING

5.1 The contractor shall:



- a) open and maintain a separate bank account and accounting system for all funds provided through this contract;
  - b) keep accurate and systematic accounts and records in respect of the services thereunder, in accordance with internationally accepted accounting principles and in such form and detail as will clearly identify all relevant charges and the bases thereof;
  - c) furnish to NAP or donor agencies such information concerning these records and accounts that NAP and donor agencies shall from time to time reasonably request and allow NAP and donor representatives to inspect all records provided that fair notice is given before such inspection is requested;
  - d) retain all records related with this project for a period of no less than **3 years** after the date of contract completion and permit an audit of those same records by the Government or its representatives;
- 5.2 The contractor will allow for an annual audit of financial and administrative records in regards to this contract, which will be arranged and paid for as part of the Project, and carried out by an independent auditor. The contractor will also allow for the assessment and review of any and all financial records by the Government or its representative as and when reasonably requested;

## **6. REPORTING REQUIREMENTS**

- 6.1 Each **quarter/month**, the contractor will provide to the approving NAP office a financial report (with supporting documentation, invoices, etc.) that details project-related expenditures by budget category, summarizes expenditures to date, and indicates balances on each category of expenditure. These reports will be presented in a standard form provided by the Government no later than **10 days** after the end of the month under review;
- 6.2 Each **quarter/month**, the contractor will provide to the approving NAP office technical progress reports detailing progress made in the execution of project activities and the achievement of project outputs in a standard form provided by the Government no later than **10 days** after the end of the month under review;
- 6.3 Every **three (3) months**, the contractor will provide a summary progress report describing the overall progress made in implementing the project and estimating the work to be carried out under the project for the following quarter;
- 6.4 The contractor will also provide any other information or report on project finances and activities which the Government may from time to time reasonably request;
- 6.5 NAP will review and approve expenditure reports prior to making further disbursements. NAP will review, approve, or take action to clarify any issues or questions regarding reported expenses within **15 days** of receipt of monthly expenditure reports. NAP will have an additional **15 days** to effect payment to the Contractor or resolve issues or questions regarding expenses. In the event that questions have arisen, NAP will have a final **15 days** to take appropriate final action. NAP has the right to withhold only that portion of the expense report in question;
- 6.6 NAP will conduct periodic financial reviews, site visits and project monitoring exercises for the project. The contractor will allow for these reviews and participate in their realization;
- 6.7 At the conclusion of the project the contractor will provide NAP a completion report in a form and substance acceptable to Government;

## **7. OBLIGATIONS AND LIABILITY**

- 7.1 Neither the Government nor the contractor may hold the Donor Agencies liable for any actions under this contract. Neither may the Government or contractor transfer liability for any action undertaken under this contract to the Donor Agency or Agencies;

## **8. MODIFICATION**

- 8.1 Except as provided in Clause 4.9, proposals for the modification or amendment to this contract can be initiated by either or both parties to this agreement at any time during the life of the pro-

ject. The proposed change must be in writing, be incorporated as an addendum to this contract, and will come into effect upon signature of both parties;

8.2 Any modification which would increase the cost of the project by more than 10% of the original budget would be subject to the endorsement of the next highest project approval level;

## 9. **DELAYS AND TERMINATION OF THE CONTRACT**

9.1 The contractor shall promptly inform the Government in writing, of any condition, which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purpose of the project or the performance by the contractor of its obligations under this contract. Notification must be given within thirty days of the incident and must specify what future actions must be taken to monitor the situation or to modify the contract;

9.2 In the event of a Force Majeure or breach of this contract by either party, the steps and procedures outline in Annex F shall be applied. All notices from one party to the other shall be in writing and sent by the fastest means possible to the respective parties at the address indicated in Clause 10;

9.3 In the event of a breach of this contract by the contractor, the contractor will be responsible for returning to the Government any funds which have not been spent or committed;

## 10 **DISPUTES**

10.1 The parties undertake to act in good faith with respect to each other's rights under this contract and to adopt all reasonable measures to ensure the realization of the objectives of this contract;

10.2 The parties recognize that it is impractical in this contract to provide for every contingency which may arise during the life of this Contract, and the parties hereby agree that it is their intention that this Contract shall operate fairly as between them, and without detriment to the interest of either of them, and that, if during the term of this Contract either party believes that this Contract is operating unfairly, the Parties will use their best efforts to agree on such actions as may be necessary to remove the cause or causes of such unfairness;

10.3 If any dispute shall arise with regard to this Contract which cannot be settled amicably between the two parties, then such dispute shall be submitted to arbitration by an independent arbitrator acceptable to both parties. In the event that a mutually agreed upon candidate as independent arbitrator cannot be identified, then an arbitrator shall be selected in accordance with the applicable laws of Kenya at the time of the dispute;

## 11 **MISCELLANEOUS**

11.1 This contract is subject to the applicable laws of the country at the time of contract signature;

11.2 All appendices to this Contract shall be deemed to form and be read and construed as part of this contract;

11.3 For the purpose of this contract, the contractor will be represented by:

(Name) \_\_\_\_\_ (Position) \_\_\_\_\_

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be signed in their respective names as of this \_\_\_\_\_ day of \_\_\_\_\_

**FOR AND ON BEHALF OF**

*Name of the CBO/LNGO*

**Signature:**.....

**Name:**

**Date:**

**FOR AND ON BEHALF OF**

The National HIV/AIDS Program

**Signature:**.....

**Name:**

**Date:**

---

**All communication between the contractor and NAP shall be sent to the following address:**

---

**Contract Annex A: Subproject proposal**

NAP will attach the CBO/LNGO's approved subproject proposal in this annex.

## Contract Annex B: Disbursement Schedule for (CBO/LNGO)

The NAP will provide funding to the [name of CBO/LNGO] on the following schedule:

Dis- burse- ment No.	Amount	Conditions/Remarks (if any)
1		
2		
3		
4		

### Notes:

- The example given above is based on the assumption that the subproject period is 12 months and the funds to CBO/LNGO are released at the beginning of each quarter (starting the date subproject proposal is approved).
- This table should be modified/replaced by the NAP suitable to the agreement reached with the CBO/LNGO that clearly describes how a CBO/LNGO will receive the funds.

## **Contract Annex C: Procurement Procedures**

NAP will attach the relevant Procurement Management Manual in this annex and specify and other special conditions or comments if necessary.

## Contract Annex D: Procedures for Closing

A project can be closed for two reasons: the successful completion of project activities, or termination of activities due to *Force Majeure*, breach of contract or for NAP's convenience. The procedures for project close-out will vary accordingly.

### SUCCESSFUL COMPLETION OF PROJECT ACTIVITIES

The normal project close-out activities for a Contractor who has successfully completed project will include the following:

1. A letter notifying NAP of completion of project immediately upon completion,
2. A final financial report indicating total income and expenses on project activities, value of community and/or implementing partner input into project, and a check in the amount of any unspent or unaccounted for project funds within 60 days of completion, and
3. A final report of the project's activities and achievements within 90 days of project completion.

NAP has the following project close-out responsibilities:

1. Conduct final site visit to verify that all project activities have been carried out as agreed to or amended during the course of the project
2. Verify that both project and counter-part funds (as appropriate) accounted for by the Contractor are in agreement with NAP financial records and take appropriate action if not,
3. Copy all relevant technical and financial reports, close project file and write summary of project activities and achievements for bi-annual and annual reports.

In certain instances, NAP may wish to conduct a detailed post-evaluation of a given project to properly assess if the intended impact has been realized. In this case, the principal responsibility for setting up and financing this work will rest with NAP. However, in the event that such an evaluation is carried out, the implementation partner is expected to cooperate with and be involved in the process. The particular procedures for such evaluations will be developed at the time of implementation.

### SUSPENSION AND TERMINATION OF PROJECT ACTIVITIES

A project may also be closed in exceptional circumstances when a condition of *Force Majeure* arises or a material breach of contract takes place or at the NAP's convenience. In such events, activities on a project can be suspended and/or terminated depending on the severity of the problem and resume project activities and obligations as quickly and amicably as possible. However, in the worst-case scenario, action will be taken to terminate the project and to take any warranted legal action.

#### 2.1. *Force Majeure*

For the purposes of this contract, *Force Majeure*, is defined as an event which is beyond the reasonable control of either NAP or Contractor, and which make the performance of the Contract obligations impossible or so impractical as to be considered impossible. This includes, but is not limited to, war, riots, civil disorder, earthquake, fire, explosion, storm, flood or other adverse weather conditions, strikes, lockouts or other industrial action, or confiscation. *Force Majeure* shall not include:

- Any even which is caused by the negligence or intentional action of either Party or sub-contractor to the Contract
- Any even which a diligent Party could reasonably have taken into account and avoided or overcome in carrying out the obligations of this Contract, and
- Insufficiency of funds or failure to make any payment required under this Contract.

*Force Majeure* shall not be considered a breach of Contract provided that the affected Party has taken all reasonable precaution and due action to avoid and overcome the event. In the event of *Force Majeure*, the obligations of the contractor or NAP are as follows:

- The affected party shall notify the other of such event as soon as possible; but not later than 14 days, and similarly give notice when and if normal conditions are restored,
- Both NAP and Contractor shall take all reasonable measures to overcome the event and continue with the implementation of agreed-upon project activities, and to minimize the consequences and costs of the event of *Force Majeure*,

- No later than **30 days** after either Party has become unable to fulfil its obligations under the Contract, both NAP and Contractor shall consult with each other to determine appropriate measures to be taken,
- If the event causing the Force Majeure can not be overcome within **60 days**, measures will be taken to suspend and/or terminate the Contract as described below.

## 2.2 Breach of Contract

Breach of Contract is defined as any material violation of the obligations set forth in the Contract by either Contractor or NAP. While a number of potential violations exist which would constitute a breach of contract, the key issues for the Local Initiative Fund are:

- Failure, on the part of the Contractor, to implement project activities as agreed to,
- Mismanagement or misappropriation of project funds on the part of the Contractor, or
- Failure, on the part of the NAP, to disburse agreed funds with which to carry out project activities.

In the event that one party is in breach of the Contract, the other party can immediately suspend with its obligations under the Contract. If the breach can and is corrected, then activities under the project can begin again. If the breach is not corrected, or is not done so after **45 days**, then actions to suspend and/or terminate the project shall be taken as indicated below.

## 2.3 Suspension of Activities

The following are the actions and obligations of both Contractor and NACC in the event that project activities are to be suspended:

- NAP will inform the Contractor (or vice versa) of the intention to suspend project activities, and will provide detailed reasons for the suspension;
- at the same time, NAP will request a full accounting of project expenses and project assets at the time of project suspension, and suspend all future disbursements to the Contractor;
- the Contractor will, within **14 days**, inform NAP (or vice versa) of how it intends to rectify the problems, and of the status of project expenses and assets at the time of suspension; and
- If proposed action are acceptable, within **21 days**, NAP will inform the Contractor (or vice versa) that project activities can be re-started once the reason for suspension is corrected.

## 2.4 Termination of Activities

In the event that project activities have been suspended for reasons of *Force Majeure* or breach of contract, and if that situation has not changed nor been corrected, then project activities can be terminated in accordance with the following procedures:

- NAP will inform the Contractor (or vice versa) of the intention to terminate project activities, and will provide detailed reasons for the termination
- If in agreement, the Contractor will inform NACC (or vice versa) of its conformity to the termination with **14 days** of receipt, and provide a full accounting of project expenses and project assets at the time of termination;
- If in disagreement, the Contractor (or NAP) shall independent arbitration on the matter per terms of the Contract; and
- Upon termination, all contractual obligations of both parties shall end except those pertaining to financial record keeping, reporting, and reimbursement of unused or unaccounted for funds. Furthermore, NAP will be responsible for payment for agreed upon goods, services and reimbursable expenses satisfactorily performed and delivered prior to the effective date of termination, and for reimbursement of any reasonable costs related to the prompt and orderly termination of the Contract.

Efforts to seek independent arbitration shall be conducted independently of termination proceedings.

## 2.5. NAP's Convenience

NAP reserves the right to terminate any contract or activity. If the contract or activity is terminated for NAP's convenience, then the Contractor will be reimbursed for all reasonable costs that it has accrued to date and those associated with closing down its operations.



**Payment Request Form**

Project Number	Date:
Location:	
CBO/LNGO:	
Disbursement Request Number:	

Per the terms of the Contract signed between NAP, as represented and the CBO/LNGO, this form serves to request that the sum of ..... be disbursed to the aforementioned CBO/LNGO.

**CBO/LNGO:**

\_\_\_\_\_  
Signature: Authorized  
Agency Representative

\_\_\_\_\_  
Date

**Banking Details:**

Name of Account:  
Account Number:  
Bank Name:  
Bank Address:

**NAP Approvals:**

Approval Offices	Signature
Approving NAP Officer Date	
NAP Account Manager Date:	

### Detailed Project Expenditures

**Instructions:**

Indicate individual project cot in the form presented below. Group all similar expenses by budget category (i.e. for training, materials, office expenses, personnel etc.) Each expenses should have an invoice or other form of proof of payment. Each invoice should be numbered and attach to this form.

Receipt No.	Expenditure Item (description, quantity, etc.)	Cost
	Sub Total _____	

---

## Annex 10. Generic Terms of References for professional consultants

### a) Consultant Accountant

- Managing overall subproject account
- Prepare cost estimates for the subproject proposals
- Register all expenditures traceable with their vouchers and receipts
- Participate in the procurement committee of CBO/LNGO
- Manage disbursement of funds for the purchase of goods and services
- Manage disbursement of funds for other expenditures
- Maintain close working relationship with NAP regional office
- Prepare periodic financial statements and reports for NAP

### b) Consultant Book-keeper

- Help in preparing subproject proposal cost estimates
- Register all expenditures traceable with their vouchers and receipts
- Prepare periodic financial statements

### c) Consultant procurement specialist

- Prepare procurement plan;
- Prepare necessary terms of references for consulting services and specifications for the goods;
- Coordinate with the accountant in estimating expenses for goods and services;
- Participate in the Purchase Committee meetings and provide professional advise;
- Prepare advertisements;
- Collect quotations and prepare quotations comparison sheets;
- Place purchase orders (or conduct the purchase);
- Keep all procurement documents and reports in proper order.

**Note:** In most cases, responsibilities of an accountant (or bookkeeper) and the procurement person is carried out by one professional accountant.

## Annex 11. Local Bidding method of procurement

Local bidding method is more elaborate and the other methods described in this manual. It is applicable to higher value purchase and requires more experience. Supporting materials are provided in the Attachments to this Annex.

Step No	What has to be done?	Who should do it?	Description	See supporting Appendix
1	Identify the item or the package of items to be purchased from the procurement plan (Annex 2).	CBO/LNGO Purchase Committee.	Understand the specifications of the item(s) to be purchased.	
2	Advertise.	CBO/LNGO Purchase Committee.	<p>Item specifications, quantities needed and time of delivery must be clearly stated in the advertisement.</p> <p>Place the advertisement in several public places like local newspaper (if possible), public notice board, near by areas of public interest to invite as many bidders as possible to submit their quotations in a closed envelop.</p> <p>In the advertisement, announce date and time the bids will be opened.</p> <p>Allow at least <b>15 days</b> to the bidders to prepare and submit their quotations.</p>	See sample in <b>Attachment 1</b>
3	Receiving bids	CBO/LNGO Purchase Committee	A CBO/LNGO purchase committee member must issue a written receipt to the bidders. All received bids must be kept in lock and key.	See a sample form in <b>Attachment 2</b>
4	Bid opening	CBO/LNGO Purchase Committee.	Bids should be opened at the announced time, place and date in the presence of bidders who choose to attend. The names of the bidders and prices are read out aloud.	--
5	Prepare a comparison sheet to select the lowest bidder.	CBO/LNGO Purchase Committee.	<p>Carefully write the information collected from the bidders on a form.</p> <p>The purchase committee should sign on the comparison sheet.</p>	See <b>Attachment 3</b> for a comparison form.
6	Select the successful bidder based on the comparison sheet.	CBO/LNGO Purchase Committee.	<p>Analyze the bids in private (bidders should not sit in this meeting).</p> <p>The bids will be examined to determine whether they meet the minimum specifications mentioned in the bidding documents. Select the bidder and send a "Letter of Acceptance". Also, inform other unsuccessful bidders.</p>	See <b>Attachment 4</b> for managing bids.
7	Award contract	CBO/LNGO Purchase Committee.	<p>Preparation of a contract to be signed with the selected bidder.</p> <p>Invite the bidder to sign the contract.</p>	See <b>Attachment 5a, b and c</b> for sample contracts for goods, services and civil works

## Attachment 1. Sample advertisement for procuring goods/services

### Information on Contract Opportunities and Invitation for Bids

CBO/LNGO's name

1. The National HIV/AIDS Program is undertaking initiatives to fight against HIV/AIDS epidemic in the country. It has approved a subproject for the community(ies) located at \_\_\_\_\_. It is intended that these funds will be applied to eligible payments under contracts to be given out by the CBO/LNGO's name \_\_\_\_\_.
2. Typical procurement needs for works, goods and services of the subproject are as follows :
  - o Construction of [Give activities from the procurement plan]
  - o Supply of [Give goods from the procurement plan]
  - o Consultant services to provide assistance in [Give services from the procurement plan].
3. Selection of the contractors, suppliers and consultants will be done by the Purchase Committee the basis of competitive bidding. To facilitate adequate competition by competent parties, the CBO Purchase Committee, overseeing the implementation of the subproject, now invites sealed bids from eligible and competent bidders. The members of the CBO Purchase Committee will open publicly the bids, select the successful bidder, and award contracts.
4. Interested firms or persons may obtain further information from the following address: [address and telephone number of the CBO/LNGO's office].

for CBO/LNGO Purchase Committee  
 Name of the CBO/LNGO  
 Address  
 Date

**A CBO/LNGO may chose to send written Letter of Invitation to a number of suppliers of goods and/or services. In such a case, formats in Attachment 2 can be used:**

## Attachment 2. Sample letter of invitations

This Attachment provides three separate formats to invite bidders to bid:

- (a) Goods,
- (b) Services and
- (c) Civil Works.

**A) Request for bid for goods**

Date \_\_\_\_\_

Quotation request No. \_\_\_\_\_

To: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dear Sir/Madam,

1. Please give us your price quotations for the following **GOODS**:

SNo	Description/Specification	Description of one Unit of item	Quantity re-quired
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			

To be filled by the CBO/LNGO Purchase Committee

2. You/your firm need to provide proof that your business has the required goods in stock or will be able to get them on a short notice. In the case of mechanical equipment, provide evidence that the firm has the required service facilities within the region;

3. You/your firm may obtain further information from the following address:

\_\_\_\_\_ [address].

4. Your bids, with all the information requested in the Instructions to Bidders (attached), should be delivered to the [name of the CBO/LNGO] before [date and time]. Late entries cannot be considered.

5. Please keep your prices validity for a period of 30 days.

6. Indicate on your invoice our quotation request number (from the first page).

7. Please submit your bid/invoice at the following address in a sealed envelope, at which time all bids received will be opened in the presence of the members of the purchase committee.

8. The bids will be opened on [ Date ]. You or your representative is requested to attend the bids opening ceremony at our office.

Date: \_\_\_\_\_

Signatures: *[by signatories of the CBO/LNGO purchase committee]* \_\_\_\_\_

**Attachments to the letter of invitation:**

Attachment A. Instructions to Bidders

Attachment B. Letter of Submission of Bids



## Attachment A: Instructions to Bidders for the procurement of Goods

### 1. COST OF BIDDING

The bidder shall bear all costs associated with the preparation and submission of his tender and the [name of the CBO/LNGO], will in no case be responsible or liable for these costs, regardless of the conduct or outcome of the bidding process.

### 2. ELIGIBILITY AND QUALIFICATION REQUIREMENTS

This invitation to tender is open to all bidders that shall provide evidence satisfactory to the CBO/LNGO Purchase Committee of their eligibility and of their capability and adequacy of resources to carry out the contract effectively.

### 3. DOCUMENTS COMPRISING THE TENDER

The tender to be prepared by the bidder shall comprise the quantities of goods, the cost per unit and total cost for each item, date by which items will be delivered, how goods will be delivered (collected by the CBO/LNGO or delivered at their premises), the information on eligibility and qualification and any other material required to be completed and submitted.

### 4. TENDER PRICE

The price quoted by the bidder shall not be subject to adjustment on any account except as otherwise provided in the conditions of contract.

### 5. TENDER VALIDITY

Bids shall remain valid and open for acceptance for a period of **30 days** after the date of tender opening prescribed in Clause 8.

### 6. SEALING AND MARKING OF TENDER

- a) The bidder shall provide to the CBO/LNGO, the original plus two copies of the bid in a sealed envelope.
- b) The envelopes containing the original and the copy shall bear:
  - Name and address of the CBO/LNGO; and
  - Name of the subproject \_\_\_\_\_
  - The words "DO NOT OPEN BEFORE [date]"

### 7. DEADLINE FOR SUBMISSION OF TENDER

Bids must be received by the CBO/LNGO at the address specified above no later than \_\_\_\_\_ [time and date]. Any bid received by the CBO/LNGO after that will be returned unopened to the bidder.

### 8. TENDER OPENING AND EVALUATION

- a) The CBO/LNGO Purchase Committee will open the bids, in the presence of all bidders or their duly authorized representative who choose to attend, at the location: \_\_\_\_\_ and at [time and date]
- b) The name of the bidder and total amount of each bid should be read aloud and recorded when opened. The Bidder's representatives who are present shall sign a register indicating their attendance.
- c) Prior to the detailed evaluation of the bids, the CBO/LNGO should ascertain whether the bids meet the eligibility requirements; have been properly signed; are substantially responsive to the bidding documents; have any material errors in computation; and are otherwise generally in order.

- d) If a bid is not substantially responsive, i.e., it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it should not be considered further. The bidder should not be permitted to correct or withdraw material deviations or reservations once bids have been opened.
- e) Bids determined to be substantially responsive will be checked by the CBO/LNGO Purchase Committee for any arithmetic errors. Where there is a discrepancy between the amounts in figures and words, the amount in words will govern. Where there is a discrepancy between the unit rate and the line item total, derived from multiplying the unit rate by the quantity, the unit rate as quoted will govern. If a bidder refuses to accept the correction, his/her bid will be rejected.

## 9. AWARD OF CONTRACT

- a) The CBO/LNGO Purchase Committee will award the contract to the bidder whose bid has been determined to be substantially responsive to the bidding documents as stated above, and who has offered the lowest Evaluated Bid Price, provided further that the bidder has the capability and resources to carry out the contract effectively.
- b) Prior to the expiration of the period of the bid validity prescribed by the CBO/LNGO, the CBO/LNGO will notify the successful bidder in writing that his bid has been accepted. This "**Letter of Acceptance**" shall name the sum which the CBO/LNGO will pay for the goods.
- c) Upon informing the successful bidder about his winning the contract, the CBO/LNGO will promptly notify other bidders that their bids have been unsuccessful.
- d) Within **5 days** of receipt of the Letter of Acceptance, the successful bidder shall sign the letter and return it to the CBO/LNGO.
- e) The CBO/LNGO Purchase Committee may reject all bids. All bids should not be rejected and new bids invited on the same specifications solely for the purpose of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. Rejection of all bids is also justified when bids are not substantially responsive or there is lack of effective competition. If all bids are rejected, the CBO/LNGO Purchase Committee should review the causes justifying the rejection and consider making either revisions to the specifications or modifications in the subproject or both before inviting new bids.

**Attachment B. Specimen Letter of Submission of Bid by the Bidder**

Date

To,

Name of the CBO/LNGO  
Address of the CBO/LNGO

Re. Request for bids of     [date]     concerning the subproject \_\_\_\_\_

After having read the bidding documents relating to the mentioned goods in your letter of invitation of [date]; on behalf of my company/business, I hereby

- Accept, without restrictions, all the provisions in the Bidding Documents;
- Submit a contract price bearing my signature and completed by me following the mode that was sent to me;
- Agree, as the Contractor, to supply the goods named below, following the provisions of the price list; and
- Submit a draft contract bearing my signature.

The CBO/LNGO shall pay the amounts due from it, by a cheque in the name of: \_\_\_\_\_, or in cash against witnessed receipts.

Done in one original copy  
 at                      on                      200\_\_

Signed by \_\_\_\_\_  
 The Contractor

Name of the company \_\_\_\_\_  
 Address and telephone \_\_\_\_\_

SNo	Description/Specification	Description of one Unit of item	Quantity required	Cost per unit	Total Cost
1.					
2.					
3.					
4.					
5.					
6.					
7.					
				<b>TOTAL</b>	

## B) Request for quotation for services

Date \_\_\_\_\_

Quotation request No. \_\_\_\_\_

To: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Dear Sir/Madam,

1. Please give us your price quotations for:

*Write the title of the type of consultancy required, for example:*

- *Technical assistance for the management of procurement activities of the subproject, or*
- *Technical assistance for the design of a community clinic, or*
- *Technical assistance for the training of community groups etc.*

2. The Terms of Reference of this consultancy service includes:

*Write answers to the following questions:*

- *What is the objective of acquiring the particular service?*
- *Qualifications required to ensure achievement of the objective*
- *For how many days the service would be required?*
- *How much will be paid for the service? In how many installments?*

3. To be eligible to this consultancy, you/your firm need to provide proof that you/your organization has suitable education and experience for the task (you will need to provide evidence of your experience).

4. You/your firm may obtain further information from the following address:

\_\_\_\_\_ [address].

5. Your bids, with all the information requested in the Instructions to Bidders (attached), should be delivered to the CBO/LNGO before [date and time]. Late entries cannot be considered.

6. Indicate on your invoice our quotation request number (from this page).

7. Please submit your bid/invoice at the following address in a sealed envelope, at which time all bids received will be opened in the presence of the members of the purchase committee.

8. The bids will be opened on [ Date ]. You or your representative is requested to attend the bids opening ceremony at our office.

Date: \_\_\_\_\_

Signatures: [by signatories of the CBO/LNGO purchase committee] \_\_\_\_\_

### Attachments to the letter of invitation:

Attachment A. Instructions to Bidders

Attachment B. Letter of Submission of Bids

## Attachment A: Instructions to Individuals and Firms for the procurement of Services

### 1. COST OF BIDDING

The consultant (individuals or firms) shall bear all costs associated with the preparation and submission of his quotation and the [name of the CBO/LNGO] will in no case be responsible or liable for these costs, regardless of the conduct or outcome of the bidding process.

### 2. ELIGIBILITY AND QUALIFICATION REQUIREMENTS

This invitation to tender is open to all consultants (individuals and firms) that shall provide evidence satisfactory to the CBO/LNGO Purchase Committee of their eligibility and capability to carry out the assignment effectively.

### 3. DOCUMENTS COMPRISING THE BID

The tender to be prepared by the consultants shall comprise (a) the days required to complete the assignment, (b) amount per day required as fees, (c) any other costs, (d) total cost, (e) date by which the service may start and completed, (f) copies of the Curriculum Vitae (CV) of the person(s) with the supporting documents.

### 4. TENDER PRICE

The price quoted by the consultant shall not be subject to adjustment on any account except as otherwise provided in the conditions of contract.

### 5. TENDER VALIDITY

Bids shall remain valid and open for acceptance for a period of **30 days** after the date of tender opening.

### 6. SEALING AND MARKING OF TENDER

- a) The consultant shall provide to the CBO/LNGO, the original plus two copies of the bid in a sealed envelope.
- b) The envelopes containing the original and the copy shall bear:
  - Name and address of the CBO/LNGO; and
  - Name of the subproject [redacted]

### 7. DEADLINE FOR SUBMISSION OF TENDER

Bids must be received by the CBO/LNGO at the address specified above no later than [time and date]. Any bid received by the CBO/LNGO after that will be returned unopened to the bidder.

### 8. TENDER OPENING AND EVALUATION

- a) The CBO/LNGO Purchase Committee will open the bids, in the presence of all bidders or their duly authorized representative who choose to attend, at the location: [redacted] and at [time and date]
- b) The name of the bidder and total amount of each bid should be read aloud and recorded when opened. The Bidder's representatives who are present shall sign a register indicating their attendance.
- c) Prior to the detailed evaluation of the bids, the CBO/LNGO should ascertain whether the bids meet the eligibility requirements; have been properly signed; are substantially responsive to the bidding documents; have any material errors in computation; and are otherwise generally in order.
- d) If a bid is not substantially responsive, i.e., it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it should not be consid-

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ered further. The bidder should not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

- e) Bids determined to be substantially responsive will be checked by the CBO/LNGO Purchase Committee for any arithmetic errors. Where there is a discrepancy between the amounts in figures and words, the amount in words will govern. Where there is a discrepancy between the unit rate and the line item total, derived from multiplying the unit rate by the quantity, the unit rate as quoted will govern. If a bidder refuses to accept the correction, his/her bid will be rejected.

## 9. AWARD OF CONTRACT

- f) The CBO/LNGO Purchase Committee will award the contract to the individual/firm whose bid has been determined to be substantially responsive to the bidding documents as stated above, and who has offered the lowest Evaluated Bid Price, provided further that the bidder has the capability to carry out the contract effectively.
- g) Prior to the expiration of the period of the bid validity prescribed by the CBO/LNGO, the CBO/LNGO will notify the successful bidder in writing that his bid has been accepted. This "**Letter of Acceptance**" shall name the sum which the CBO/LNGO will pay for the services.
- h) Upon informing the successful bidder about his winning the contract, the CBO/LNGO will promptly notify other bidders that their bids have been unsuccessful.
- i) Within **5 days** of receipt of the Letter of Acceptance, the successful bidder shall sign the letter and return it to the CBO/LNGO.
- j) The CBO/LNGO Purchase Committee may reject all bids. All bids should not be rejected and new bids invited on the same specifications solely for the purpose of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. Rejection of all bids is also justified when bids are not substantially responsive or there is lack of effective competition. If all bids are rejected, the CBO/LNGO Purchase Committee should review the causes justifying the rejection and consider making either revisions to the specifications or modifications in the subproject or both before inviting new bids.

**Attachment B. Specimen Letter of Submission of Bid by the Bidder**

Date

To,

Name of the CBO/LNGO

Address of the CBO/LNGO

**Re.** Request for bids of [date] concerning the subproject

After having read the terms relating to the mentioned services in your letter of invitation of [date]; on behalf of my company/business, I hereby

- Accept, without restrictions, all the provisions in the Bidding Documents;
- Submit a contract price bearing my signature and completed by me following the mode that was sent to me;
- Agree, as the Contractor, to provide the services named in your letter on invitation; and
- Submit a draft contract bearing my signature.

The CBO/LNGO shall pay the amounts due from it, by a cheque in the name of: \_\_\_\_\_, or in cash against witnessed receipts.

Done in one original copy

at on 200\_\_

Signed by \_\_\_\_\_  
The Consultant

Name of the company (if any) \_\_\_\_\_  
Address and telephone \_\_\_\_\_

## C) Request for quotation/bid for Civil Works

Date \_\_\_\_\_

Quotation request No. \_\_\_\_\_

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir/Madam,

1. Please give us your price quotations for:

- Give details about the exact location, size and specifications (of e.g., day-care shelter/room). Attach design/layout.

2. In order to be eligible to bid, you/your firm need to provide a list of similar works carried out earlier; have an annual turnover that is three times higher than the average contract value; and have or be able to rent the equipment needed for the work;

3. You/your firm may obtain further information from the following address:

\_\_\_\_\_ [address]. \_\_\_\_\_

4. Your bids, with all the information requested in the Instructions to Bidders (attached), should be delivered to the [name of the CBO/LNGO] before [date and time]. Late entries cannot be considered.

5. Please keep your prices validity for a period of **30 days**.

6. Indicate on your invoice our quotation request number (from this page).

7. Please submit your bid/invoice at the following address in a sealed envelope, at which time all bids received will be opened in the presence of the members of the purchase committee.

8. The bids will be opened on [ Date ]. You or your representative is requested to attend the bids opening ceremony at our office.

Date: \_\_\_\_\_

Signatures: [by signatories of the purchase committee] \_\_\_\_\_

### Attachments to the letter of invitation:

Attachment A. Instructions to Bidders

Attachment B. Letter of Submission of Bids (with estimated quantities)



## Attachment A: Instructions to Bidders (for Civil Works)

### 1. DESCRIPTION OF WORKS

The works to be executed under this contract include construction of [*name of construction or renovation work*] and are hereinafter referred to as "The Works".

### 2. COST OF BIDDING

The bidder shall bear all costs associated with the preparation and submission of his tender and the [*name of the CBO/LNGO*] will in no case be responsible or liable for these costs, regardless of the conduct or outcome of the bidding process.

### 3. ELIGIBILITY AND QUALIFICATION REQUIREMENTS

This invitation to tender is open to all bidders that shall provide evidence satisfactory to the CBO/LNGO of their eligibility and of their capability and adequacy of resources to carry out the contract effectively.

### 4. SITE VISIT

The bidder is advised to visit and examine the site of works and its surroundings and obtain for himself on his own responsibility all information that may be necessary for preparing the tender and entering into a contract. The costs of visiting the site shall be at bidder's own expense.

### 5. CONTENT OF TENDERING DOCUMENTS

5.1 The set of tender documents issued for the purpose of tendering includes the following:

- (a) Instructions to Bidders
- (b) Special Condition of Contract (optional)
- (c) Technical Specifications and Drawings
- (d) Estimated Quantities
- (e) Letter of Submission of Bid
- (f) Draft Contract

5.2 The bidder is expected to examine carefully all instructions, conditions, forms, terms, specifications, and drawings in the tendering documents. Failure to comply with the requirements of tender submission will be at the bidder's own risk.

### 6. DOCUMENTS COMPRISING THE TENDER

The tender to be prepared by the bidder shall comprise the Form of Tender and Appendix thereto; the Estimated Quantities, the information on eligibility and qualification and any other material required to be completed and submitted in accordance with the Instruction to Bidders embodied in these bidding documents.

### 7. TENDER PRICE

The contract price quoted by the bidder shall be a fixed lump-sum price and shall not be subject to adjustment on any account except as otherwise provided in the conditions of contract.

### 8. TENDER VALIDITY

Bids shall remain valid and open for acceptance for a period of \_\_\_\_\_ days after the date of tender opening.

### 9. SEALING AND MARKING OF TENDER

9.1 The bidder shall seal the original and two copies of the bid in a sealed envelope and forward both to the CBO/LNGO.

9.2 The envelopes containing the original and the copy shall bear:

- Name and address of the CBO/LNGO;
- Ref No. \_\_\_\_\_
- Name of the subproject \_\_\_\_\_

- The words "DO NOT OPEN BEFORE [date]"

## 10. DEADLINE FOR SUBMISSION OF TENDER

Bids must be received by the CBO/LNGO at the address specified above no later than [time and date]. Any bid received by the CBO/LNGO after that will be returned unopened to the bidder.

## 11. TENDER OPENING AND EVALUATION

- 11.1 The CBO/LNGO will open the bids, in the presence of all bidders or their duly authorized representative who choose to attend, at \_\_\_\_\_ [time and date] at the following location \_\_\_\_\_.
- 11.2 The name of the bidder and total amount of each bid should be read aloud and recorded when opened. The Bidder's representatives who are present shall sign a register indicating their attendance.
- 11.3 Prior to the detailed evaluation of the bids, the CBO/LNGO should ascertain whether the bids meet the eligibility requirements; have been properly signed; are substantially responsive to the bidding documents; have any material errors in computation; and are otherwise generally in order.
- 11.4 If a bid is not substantially responsive, i.e., it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it should not be considered further. The bidder should not be permitted to correct or withdraw material deviations or reservations once bids have been opened.
- 11.5 Bids determined to be substantially responsive will be checked by the CBO/LNGO for any arithmetic errors. Where there is a discrepancy between the amounts in figures and words, the amount in words will govern. Where there is a discrepancy between the unit rate and the line item total, derived from multiplying the unit rate by the quantity, the unit rate as quoted will govern. If a bidder refuses to accept the correction, his bid will be rejected.

## 12. AWARD OF CONTRACT

- 12.1 The CBO/LNGO will award the contract to the bidder whose bid has been determined to be substantially responsive to the bidding documents as stated above, and who has offered the lowest Evaluated Bid Price, provided further that the bidder has the capability and resources to carry out the contract effectively.
- 12.2 Prior to the expiration of the period of the bid validity prescribed by the CBO/LNGO, the CBO/LNGO will notify the successful bidder in writing that his bid has been accepted. This "Letter of Acceptance" shall name the sum the CBO/LNGO will pay to the contractor in consideration of the execution, completion and maintenance of the works by the contractor as prescribed by the contract (hereinafter and in the condition of contract called "The Contract Price"). At the same time, the CBO/LNGO will also send the bidder the Form of Agreement provided in the bidding documents, incorporating all agreements between the parties.
- 12.3 Upon informing the successful bidder about his winning the contract, the CBO/LNGO will promptly notify other bidders that their bids have been unsuccessful.
- 12.4 Within **15 days** of receipt of the Agreement Form, the successful bidder shall sign the form and return it to the CBO/LNGO.
- 12.5 The CBO/LNGO may reject all bids. All bids should not be rejected and new bids invited on the same specifications solely for the purpose of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. Rejection of all bids is also justified when bids are not substantially responsive or there is lack of effective competition. If all bids are rejected, the CBO/LNGO should review the causes justifying the rejection and consider making either revisions to the specifications or modifications in the sub-project or both before inviting new bids.

**Attachment B. Specimen Letter of Submission of Bid by the Bidder**

Date

To,

Name of the CBO/LNGO

Address of the CBO/LNGO

Re. Request for proposals of \_\_\_\_\_, 200\_\_ concerning the subproject \_\_\_\_\_

After having read the bidding documents relating to the above-mentioned works, and in particular the following four documents:

- Instructions to Bidders
- Draft Contract;
- Form of Estimated Quantities; and
- Specifications and Drawings;

on behalf of my company, I hereby

- Accept, without restrictions, all the provisions in the Bidding Documents;
- Submit a contract price bearing my signature and completed by me following the mode that was sent to me;
- Agree, as the Contractor, to carry out the works named below, following the provisions of the price list; and
- Submit a draft contract bearing my signature.

The Executing Agency (Employer) shall pay the amounts due from it and set forth in the detailed work statements, by crediting the bank account opened in the name of: \_\_\_\_\_

number \_\_\_\_\_, at the \_\_\_\_\_ branch of the \_\_\_\_\_ Bank, or in cash against witnessed receipts.

Done in one original copy

at \_\_\_\_\_ on \_\_\_\_\_ 200\_\_

Signed by \_\_\_\_\_

The Contractor

Name of the company \_\_\_\_\_

Address and telephone \_\_\_\_\_

Commerce register or tax identification No. \_\_\_\_\_

**ESTIMATED QUANTITIES (CONSTRUCTION/RENOVATION ONLY)**  
**(Bidder to provide)**

**Detailed Costs for Construction/Renovation:**

Material	Quantity required	Unit cost	Cost for the item	Costs to be met by community in kind	Costs to be met by contractor
Cement					
Wooden planks					
Nails					
Windows					
Door knobs					
Aluminum sheets					
Roofing tiles					
<i>Subtotal costs</i>	-	-	-		

Labor	No. of man days	Cost per man day	Subtotal cost	Costs to be met by community in kind	Costs to be met by contractor
Skilled labor					
Unskilled labor					

Costs of material and labor: \_\_\_\_\_

Overhead costs: \_\_\_\_\_

Total costs: \_\_\_\_\_

Of which met by the community: \_\_\_\_\_

**Contract costs: (Lump Sum)** \_\_\_\_\_

## Attachment 2. Sample receipt upon submission of bids

A receipt must be issued by the CBO/LNGO/LNGO to a supplier or service provider upon submission of the bidding or tender document. A sample receipt may be as follows:

<b><u>Name of the CBO/LNGO</u></b>	
<b>Receipt of Bidding Document(s)</b>	
1. Date documents received _____	Time _____
2. Bid Reference number _____	
3. Name of the person submitting the bids _____ (write "received by mail" if delivery is by the postal or courier service)	
4. Name of the business submitting the bids _____	
5. Signature of the person submitting the bids _____ (write "received by mail" if delivery is by the postal or courier service)	
6. Name of the person receiving the bids (CBO staff) _____	
7. Signature of the person receiving the bids (CBO staff) _____	

One copy of this receipt should be given to the person submitting the bids.

### Attachment 3. Bids comparison form

Name and description of item to be purchased: \_\_\_\_\_

Bid number	Date of bid	Bid information	Decision (Reasons for selection or rejection)
		<b>Received from:</b>  <b>Price quoted:</b>  <b>Delivery time:</b>	
		<b>Received from:</b>  <b>Price quoted:</b>  <b>Delivery time:</b>	
		<b>Received from:</b>  <b>Price quoted:</b>  <b>Delivery time:</b>	

\*\*Give reasons if the lowest price quite is not selected

Signatures of the CBO/LNGO Purchase Committee members:

\_\_\_\_\_

\_\_\_\_\_

## Attachment 4. Managing and selecting a bidder

When the Local Bidding Method is used, the CBO/LNGO Purchase Committee should register the date, time, who delivered and who received the bidding documents/quotes (see **Attachment 2**). This information should be kept under lock and key until the date and time when all bidders are invited to the bids opening ceremony.

The CBO/LNGO should invite all bidders or their representatives to witness that the bids/quotes are opened in a transparent manner. They should be given adequate advance notice.

The bid envelop opener should read aloud the bidder's name and the price quoted, and register the name and the price in the bids comparison sheet. The CBO/LNGO Purchase Committee should also record the minutes of the proceedings.

The successful bidder is then selected and awarded the contract. See **Attachments 5a, b and c**.

## Attachment 5. Standard contract documents

After a bidder is selected to provide goods/services, a contract is signed between CBO/LNGO and the supplier. This attachment provides **sample** contract documents for goods, services and civil works:

- A. Contract for Goods
- B. Contract for Services
- C. Contract for civil works



## A) Sample Order and Contract for Supply of Goods

[Name of CBO/LNGO]  
[Address]

To: [Name of the firm which has won the supply contract]

Address: [Address of the firm]

**Subject:** Supply and Installation of [equipment, material, etc.]

Mr/Ms. \_\_\_\_\_,

The [Name of CBO/LNGO] would like to place an order for the supply of \_\_\_\_\_, in conformity with your proforma invoice No. .... of....., attached, specifying the prices of the goods for whose procurement you successfully competed...

### 1. SUBSTANCE OF GOODS

[List of goods requested, with quantities]

### 2. AMOUNT OF THE CONTRACT

The amount of the order is fixed at ..... and is not subject to revision.

### 3. TIME LIMIT AND PLACE OF DELIVERY

The time limit for the delivery of goods is set for .....(days, weeks or months) from the date of the approval of this contract. This approval should take place in the maximum time limit<sup>12</sup> of [number of days] from the date of the signing of this contract by the representatives of the [name of CBO/LNGO]. The goods will be delivered at [destination].

### 4. INTERIM RECEIPT

An interim receipt will be issued upon delivery of all the goods. Or: If installation of the goods is required, the interim receipt will only be issued after installation of the equipment are completed. The receipt will be acknowledged as the interim receipt report.

### 5. TIME LIMIT FOR THE WARRANTY AND AFTER-SALES SERVICE

The deadline for the warranty period is set for [ ] months from the date of the interim receipt. During the warranty period, excluding the current maintenance, all the repairs resulting from faulty equipment will be at the supplier's expenses, including the supply of replacement parts and the overhead costs. The supplier is to guarantee an after-sales service to ensure the maintenance service as well as the fast and regular supply of spare parts.

### 6. FINAL RECEIPT

The final receipt will be issued at the end of the warranty period, and will be acknowledged as the final receipt report.

### 7. RETENTION

The retention amount, to be reimbursed when the final receipt has been issued, is set up at **10 percent** of the total amount of this order/contract.

<sup>12</sup> For instance 15 days

**8. LIQUIDATED DAMAGES**

In case of delay within the period specified in the contract, the supplier is subject to a penalty of 1/1000 of the price of the goods ordered per calendar day of delay. However, the ceiling of these penalties is 10 percent of the total amount of the order.

In case the 10 percent ceiling is exceeded, the administration reserves the right to terminate this order/ contract.

**9. SCHEDULE OF PAYMENT**

The amounts which are due will be paid in the following manner:

    % at the countersigning of this letter of order, for advance payment (if the supplier has to order the goods).

    % of the amount of the invoice upon issuance of the interim receipt.

    % of the amount of the invoice upon issuance of the final receipt.

Total: 100% [Total should always be 100% of the amount of the contract.]

**10. FORM OF PAYMENT**

The payment will be made in cash by the signatories of the [name of CBO/LNGO] or by check of the [name of bank] at ..... [place].

**11. APPROVAL OF THE ORDER/CONTRACT**

This contract will be effective only after it has been signed by the supplier.

Place and date: .....

Signed: [signatories of CBO/LNGO]

Read and accepted:

For the Supplier

Place and date:.....

Signature(s):.....

(Representing the supplier)

.....

Printed name(s)

## B) Sample Order and Contract for Services

[Name of CBO/LNGO]  
[Address]

To: [Name of the Director and firm which has won the contract]

Address: [Address of the firm/individual]

**Subject:** Supply of [specify such as studies, technical assistance, consulting, supervision] Services

The [Name of CBO/LNGO] would like to place an order for the supply [specify such as studies, technical assistance, consulting, supervision] services \_\_\_\_\_, in conformity with your bid offer No \_\_\_\_\_ of \_\_\_\_\_, attached, specifying the assignment and prices of the services for whose procurement you successfully competed...

### 1. CONTENT AND PROGRESS OF THE ASSIGNMENT

The study and its progress will be in accordance with the terms of reference attached to this document.

### 2. AMOUNT OF THE CONTRACT

The amount of the contract [or rate per day and number of days] is fixed at amount and is not subject to revision.

### 3. TIME LIMIT AND SUBMISSION OF REPORT

The time limit for the completion of the services is scheduled for \_\_\_\_\_ (days, weeks or months) from the date of the approval of this invoice letter by the consultant or consulting firm. This approval should take place in the maximum time limit of **15 days** from the date of signing of this order/contract.

You/your firm will submit an edited interim report (3 copies) to the [name of CBO/LNGO] at the end of the field work.

Three (3) copies of the final edited report will be submitted to the [name of CBO/LNGO] two weeks after its review of the interim report. At the same time, one copy will be submitted to the national HIV/AIDS Program office for information.

It is agreed that the [name of CBO/LNGO] will be allowed **25 days** for the review of the interim report. After that time limit, the interim report may be considered as final.

### 4. LIQUIDATED DAMAGES

In case of delay beyond the period specified in the contract, you [individual or firm] are subject to a penalty of 1/1000 of the price of the studies per calendar day of delay. However, the ceiling of these penalties is 10% of the total amount of the contract.

In case the 10% ceiling is exceeded, the [name of CBO/LNGO] reserves the right to terminate this order/contract.

### 9. SCHEDULE OF PAYMENT

The amounts which are due will be paid in the following manner:

\_\_\_% at the countersigning of this letter of order, for advance payment.

\_\_\_% of the amount of the invoice upon issuance of the interim receipt.

\_\_\_% of the amount of the invoice upon issuance of the final receipt subject to a maximum of 100% of the total payment due.

**10. REVIEW AND APPROVAL OF THE CONTRACT**

This document will become effective only after it has been signed by both parties.

Place and date: .....

Signed: .....[signatories of CBO/LNGO]

Read and accepted

**For the Consultant/Consulting Firm**

Place and date:.....

Signature(s):.....

(Representing the Consulting Firm/individual)

.....

Printed name(s)

Approved:

Place and date:.....

Signature(s):.....

(Representing the Government)

.....

Printed name(s)

### C) Sample Order and Contract for Civil Works

This Agreement is made between the Representative of the [name of the CBO/LNGO] of the one part, represented herein by Mr./Mrs./Miss....., and Mr./Mrs./Miss .....on behalf of the contractor [name of the contracting firm] of the other part. It has been agreed as follows:

#### CLAUSE 1 - CONTRACT OBJECTIVES

This contract is for \_\_\_\_\_

Subproject \_\_\_\_\_

At \_\_\_\_\_

The works assigned to the contractor consist of :

*[a detailed explanation or reference to a description/design/list of quantities in an attachment]*  
-----

#### CLAUSE 2 - SUBCONTRACTING

The contractor may subcontract one or several parts of his works only under his entire responsibility.

#### CLAUSE 3 - CONTROL OF THE WORK EXECUTION

The execution of this contract is controlled by the CBO/LNGO of the [name of the CBO/LNGO]. The Government, that provides a major part of financing for the subproject, may send its own technicians to inspect the work being done or completed.

In case of non-conformity to the norms or rules of the profession, the Representative of the community, upon a report of the person in charge of the Government's technicians, may bring to the attention of the contractor the breach of contract. An assessment will be made by the Government technicians.

The works poorly executed shall be repaired or improved by the contractor.

#### CLAUSE 4 - RESPONSIBILITY

The contractor is responsible during the execution of the work for the damages and accidents of any kind caused to a third party by the personnel and equipment of the contractor.

#### CLAUSE 5 - TIME LIMIT FOR THE WORK EXECUTION

The whole work should be completed within .....months from the date of the signature of the contract.

#### CLAUSE 6 - LIQUIDATED DAMAGES

In the event that works specified in the contract are not completed on schedule, the contractor shall be subject to a penalty of 1/1000 of the price of the works ordered per calendar day of delay, except in the case of force majeure, that would need to be confirmed by a Government's technician appointed by the NAS.

#### CLAUSE 7 - INTERIM RECEIPT

The interim receipt will be acknowledged in a report and issued upon completion of the works. A certificate of acceptance will be provided by the Committee of [name of the CBO/LNGO], which may first request an opinion from a Government-appointed technician.

#### CLAUSE 8 - FINAL RECEIPT

The final receipt will be acknowledged in a report of the Committee of *[name of the CBO/LNGO]*, who may seek the prior opinion of a Government technician appointed by the NAS.

**CLAUSE 9 - AMOUNT OF THE CONTRACT**

The amount of the contract is \_\_\_\_\_.

**CLAUSE 10 - SCHEDULE OF PAYMENTS**

The schedules of payments are :

- |   | <u>In money</u> | <u>In kind</u> |
|---|-----------------|----------------|
| 1. Advance for Start-up <i>[amount]</i>                             |                 |                |
| 2. First Stage at <i>[define the first stage]</i> <i>[amount]</i>   |                 |                |
| 3. Second Stage at <i>[define the second stage]</i> <i>[amount]</i> |                 |                |
| 4. After Final Receipt <i>[amount]</i>                              |                 |                |

**CLAUSE 11**

A copy of this contract will be addressed to the *[name of the committee that approved the financing of the subproject]*

Done at -----*[place and date]*

The Representatives of the CBO/LNGO Purchase Committee:

\_\_\_\_\_

Contractor: \_\_\_\_\_