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Agence canadienne de
développement international

Procurement handbook for Goods and Related Services

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Canada 

Procurement Handbook

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1 Introduction

1.1 Purpose

The purpose of this handbook is to provide information on the procurement of goods and related services for projects funded wholly or partly by CIDA. As such, this handbook provides an awareness of mandatory requirements, policy considerations, guidelines, procedures and best practices.

1.2 Mandatory Requirements

Procedures or statements in this handbook that are preceded by words such as "must", "will", "shall", or similar imperatives, are to be regarded as mandatory courses of action.

Those procedures or statements that are preceded by words such as "should" or "may" represent a preferred practice or a guideline.

If it is believed that the application of a mandatory procedure or policy would be detrimental to project execution, it may be appropriate to propose alternative reasonable courses of action. However, the CIDA project team must review and concur with these proposed alternatives before their implementation. Exceptions to mandatory procedures or policies are not to be proposed merely for convenience or to accommodate poor project management. Proposed exceptions are to be well documented and clearly defensible.

1.3 Policy Objective

The objective of CIDA funded aid procurement is to acquire goods and related services in a manner that results in best value to the Recipient Countries (RCs) and to Canada, while respecting the policy framework within which Canadian government contracting must function.

1.4 Policy Statement

Treasury Board requires that the procurement of goods and related services be conducted in a manner that will:

- 1) stand the test of public scrutiny in matters of prudence and probity, encourage competition, and reflect fairness in the spending of public funds; and
- 2) ensure the pre-eminence of operational requirements.

1.5 Aid Policy Exemptions

Grants and contributions under the aid program are excluded from a number of Canadian government contract policy requirements. For example, although subject to Agreement on Internal Trade (AIT), government procurement providing aid to developing countries is exempt from the provisions of the North American Free Trade Agreement (NAFTA) and the World Trade Organization Agreement on Government Procurement (WTO-AGP). These exemptions may, from

time to time, be modified or removed. It is the responsibility of the users of this handbook to keep abreast if any changes to these aid policy exemptions.

1.6 Recipient Country (RC) Procurement Policy

Under the terms of bilateral aid agreements, the responsibility for the procurement of goods may be retained by the Government of Canada, or may be assumed, if appropriate, by the RC.

When this occurs, the RC may apply its own policies and regulations in procuring goods and related services, as long as such policies and regulations do not contradict Canadian policies and regulations.

1.7 Electronic Tendering Services (Merx)

The MERX is a national electronic commerce system offering both the public and private sector a comprehensive service for advertising purchasing requirements and distributing associated tender documents.

CIDA has made extensive use of this service for its service contracting requirements over \$100,000 since 1994, when Treasury Board approved a new contracting process for CIDA.

As for CIDA's goods contracting is concerned, MERX remains an effective tool for goods to be procured in Canada over \$25,000. For CIDA purposes, the goods would have to be identified as tied to Canadian production when the project team knows that the goods are available in Canada.

As the MERX is accessible by personal computer and modem or the Internet, a note would have to be inserted within the body of the requirement to the effect that the goods are for CIDA's aid requirements and as such can only be bid from Canadian producers.

1.8 Executing Agent (EA)

The term Executing Agent (EA) is used generically in this handbook. In the vast majority of project agreements, the EA is a Canadian firm, organization or individual. It is then commonly referred to as a CEA. There may be times, however, when an EA is from the RC.

Either CIDA or the RC (where it has accepted the responsibility for procurement) may enter into a contract with an EA. The EA's role may be to assist either exclusively in the carrying out of the procurement functions, or in connection with other project related responsibilities.

1.9 EA's Procurement Authority and Responsibility

The EA's procurement authority, responsibility, and accountability are to be defined in its contract with its principal (the RC or CIDA).

CIDA retains the right to review and/or approve all documents that directly or indirectly relate to procurement, before or after contractual obligations are entered into. This right to review in no way mitigates the EA's responsibility and accountability as stated in its contract.

Similarly, use of the information found in this handbook does not relieve the EA from its contractual obligations.

1.10 CIDA Project Management

CIDA uses the project team approach to manage and control bilateral aid projects. The project team has the responsibility of providing, or providing for, an effective overall management of project design, implementation and evaluation. In particular, the project team may be responsible for:

- 1) the coordination of the planning and operational functions;
- 2) the financial control of the project; and
- 3) ensuring that the project components satisfy the project's stated objectives.

In the case where an EA has been retained to perform these or other functions, the accountability for the success of these functions remains with the EA.

CIDA's contracting units provide procurement and contracting advice to the project teams. The contracting units may also be a point of contact when discussing procurement issues with EAs.

1.11 Languages

Official Languages of Canada: The CIDA policy on the use of languages is contained in chapter 16, Official Languages, of CIDA's Handbook 9, Personnel. Appendix F of the Treasury Board Manual on Contracting contains both mandatory requirements as well as guidelines concerning official languages.

Languages of the Recipient Country: Recipient countries normally use English, French or Spanish when dealing with Canada. The language to be employed in communicating with the recipient country, or in the production of training or operating manuals, will be agreed upon in the Memorandum of Understanding (MOU) signed between the Government of Canada and the Government of the recipient country. The EA must abide by these language requirements as well. Language requirements should therefore form part of the EA's contract with CIDA or the RC.

2 Procurement Modes, Authorities and Canadian Content Requirements

2.1 Procurement Modes for Aid - Overview

There are two alternative modes for the procurement of aid related goods (commodities, materiel, equipment or supplies) and related services (those services directly related to the goods procured, such as transportation, installation, maintenance and training) financed by the Government of Canada:

- 1) procurement carried out by the Government of Canada through its departments or agencies or;
- 2) procurement carried out by the Government of the Recipient Country (RC) through its departments, agencies or designated agents.

The decision on which procurement mode to use is made during the planning phase of a project. Contracting officers are well placed to guide project teams on this issue. The decision should be based upon the RC's capability to procure the required goods in the Canadian market. Refer to section 2.3.

Appendix 1 of this chapter contains the contracting authorities when procuring goods for aid. It includes the contracting authority of the RC.

2.2 Procurement Authorities of the Government of Canada

The procurement of commodities, goods and related services by CIDA or by other departments or agencies of the Government of Canada are subject to and are to be conducted in accordance with the Financial Administration Act, Treasury Board (TB) Contracting Policy, the Government Contracts Regulations and other applicable statutes, regulations, directives and guidelines.

Except when delegated to other departments and agencies, Public Works and Government Services Canada (PWGSC) carry out most procurement of goods for the Canadian government.

2.2.1 PWGSC Goods Procurement Delegation to Departments and Agencies

Federal departments and agencies, including CIDA (mostly for CIDA's administrative services on its own account), have been delegated procurement authority by PWGSC as indicated below:

- 1) A standard delegation for goods costing less than \$5,000 per order, excluding Goods and Services Tax, and which are not stocked by PWGSC; and
- 2) Emergency purchases of goods (Consult CIDA Administrative Services. There are a number of conditions that must be met under PWGSC Customer Manual, Chapter 120 - Delegated Purchase Authority).

2.2.2 PWGSC Goods Procurement Delegations to CIDA for Aid Projects

The following procurement delegations have been authorized under a CIDA/PWGSC Memorandum of Understanding (MOU):

- 1) CIDA may carry out procurement for a project when the total procurement component is less than 40% of the total project value and when the total procurement component is less than \$2 million; and
- 2) CIDA may carry out procurement offshore using untied funds up to a maximum of \$400,000 per project, regardless of the project value. Goods and related services required by cooperants would usually fall under this delegation.

Exceeding these delegations requires specific requests for delegation authority from PWGSC. Contracting Operations Units are responsible for obtaining these procurement delegations.

CIDA may also require and request delegations that exceed PWGSC's own delegation authority (from TB) of \$10 million. (PWGSC currently has approval authority to \$40 M if MERX is used - that is not normally the case for CIDA requirements. \$10 M remains the ceiling without utilizing MERX). In these circumstances, PWGSC can usually request the necessary approvals from TB on behalf of CIDA. If TB approvals are obtained, PWGSC can then delegate the required authority to CIDA in accordance with the conditions in the appendix on special delegations in the CIDA/PWGSC MOU.

Contracting Operations Units are responsible to maintain detailed documentation concerning the use of delegations. Although reporting requirements are under review presently, the current PWGSC/CIDA MOU calls for reports to PWGSC twice per year. These reports outline the nature of the delegation and provide details concerning the type of procurement, competitive/negotiated, undertaken and will continue to be forwarded to PWGSC pending resolution of the current MOU. Once delegation issues have been resolved in accordance with the terms of the MOU, CIDA's procurement activities may be performed:

- 1) by Executing Agents (EAs) retained by CIDA under service contracts. EAs are normally contracted to help plan and implement CIDA's aid projects. The EA's contract could contain a requirement that the EA carry out procurement activities for the project. Care must be taken to ensure CIDA maintains full direction and control over the procurement undertaken. This task is made easier for CIDA's project team with a well-prepared procurement plan to which the team has jointly approved. (See Chapter 3 for more details concerning the components of a Procurement Plan);
- 2) by Procurement Agents (PAs) retained by CIDA under service contracts. PAs are contracted to carry out procurement on CIDA's behalf for projects based on CIDA's Lines of Credit (LOCs) extended to Rcs.;
- 3) by CIDA itself, without the involvement of EAs or PAs; or

- 4) by accredited International Organizations (IOs) such as the World Health Organization (WHO), the World Bank (WB) and the United Nations Development Program (UNDP) under agreements with CIDA to only purchase Canadian goods for a specific CIDA project. Note that this is not the same situation as when CIDA enters into contribution agreements with these or other organizations. Under Contribution Agreements, the aid project "belongs" generally to the implementing organization, whereas in this context the organization acts to procure goods for a CIDA project.

This does however raise the issue of CIDA involvement in procurement activities conducted by implementing organizations under country contribution agreements. Section 2.5 addresses this issue.

2.3 Procurement Authority of the Government of the Recipient Country

Unless a specific decision is made by CIDA to allow a RC (or its agent) to assume procurement authority, procurement is usually carried out by Canada. When the nature of the project (goods, services, line of credit) is over \$100,000, CIDA's branches will have to seek the Minister's approval to use a RC process and will have to mention the percentage of untied aid being considered. When this is done, the RC may enter directly into a service contract, a goods contract, a fertilizer contract or a construction contract. Once the approval to use a RC contracting process is obtained, it will not be necessary to have each transaction approved.

CIDA must encourage RC to ensure the integrity of the selection process.

The designation of the RC government for procurement responsibility must be stated in the Memorandum of Understanding (MOU) between the Government of Canada and the Government of the Recipient Country.

Procurement by the RC is appropriate where, in the opinion of the CIDA project team, the RC has a good knowledge of the Canadian market, has been successful in the past and has demonstrated capability in the procurement of the specific goods under consideration.

The RC may apply its own procurement policies and regulations as long as they do not contradict nor are they less stringent than Canada's policies or regulations. This would include respecting Canadian content requirements (refer to section 2.4). CIDA retains the right to review all related procurement documents.

Goods to be procured by a RC cannot include ineligible products. Ineligible products are luxury, defence or security related items that cannot be defined as essential to development. Products barred by Canadian export regulations would also be ineligible.

RC procurement activities may be performed by:

- 1) RC ministries, governmental or para-governmental organizations, or by local EAs or PAs retained by the RC. PAs would have procurement responsibilities. EAs would have procurement responsibilities in addition to project implementation responsibilities;
- 2) Canadian PAs contracted by CIDA to assist the RC. The PA would have to have an

agreement in place with the RC that outlines this role, but states that the RC is the procurement contracting authority. The PA would usually come from the private sector, but could be governmental (such as the Canadian Commercial Corporation [CCC]); and

- 3) an International Organization (IO). The RC government would transfer procurement responsibility to an accredited IO, as agreed to by CIDA. The IO would follow procurement procedures as agreed upon by CIDA and the RC, and would keep both parties informed of its procurement activities. This procurement mode would be used when an RC prefers to deal with an IO rather than with a Canadian PA.

2.4 Canadian Content Policy for Commodities and Goods

2.4.1 Background

One of the primary goals of Canada's Official Development Assistance is to facilitate the development efforts of recipient countries.

Within this context, Canada's tied and untied aid authorities reflect the legitimate concerns of Canadians that tax dollars should not end up subsidizing competitors in other industrialized countries. The aim of the tied aid policy is to provide an incentive for competitive Canadian businesses to expand their horizons, by designing and adapting more products to meet Third World requirements.

Linked to Canada's tied aid policy is the Canadian content policy for bilateral, government-to-government activities. This policy has resulted in thousands of person-years of employment in Canada, and has a significant potential for developing export markets.

2.4.2 Policy

Under the Canadian content policy, bilateral, government-to-government aid procurement of commodities and goods shall be from Canadian suppliers with Canadian content not less than 66 2/3% of the total procurement costs from Canadian suppliers. Excluded from this calculation are all the international shipping costs from point of embarkation.

Projects of \$100,000 or less or purchases of \$100,000 or less of miscellaneous items relating to projects are also excluded, as is bilateral, government-to-government aid procurement of commodities and goods from other suppliers in accordance with the approved policy on the provision of untied development assistance.

The Canadian content policy does not necessarily apply to each individual purchase of goods, but may be calculated using the aggregate Canadian content of the entire project. Individual purchases will not necessarily require a minimum Canadian content, unless it is needed to conserve the overall Canadian content for the project.

In some cases involving certain least developed countries (LDC's) or in emergency situations, the 66 2/3 % Canadian content rule may be relaxed. In these cases, an acceptable percentage (as low as 50%

for sub-Saharan Africa and LDC's) will be specified in the MOU between Canada and the recipient country.

Difficulties arise for the Project Team when requirements to be procured are not well defined early within the project. Before any products are sourced to commence the procurement process, research has to be conducted to determine the country of origin for the goods being procured. This is important where it has been determined that PWGSC will do the procurement. It is not recommended to insist on 66 2/3% Canadian content if the goods are not produced in Canada. However, CIDA can require PWGSC to adhere to our tied procurement requirements i.e. only firms based in Canada and 51% beneficially owned and controlled by Canadian citizens, or Canadian landed immigrants will be eligible to bid on the requirement at hand. This restriction applies to each entity within a consortium, joint venture or partnership wanting to bid.

In addition, if it is determined that less than 66 2/3% of the goods to be procured are available in Canada, the project team will have to revisit the overall project plan to negotiate some trade-offs with the RC or other donor countries with a goal of supplying more Canadian product to the given project.

2.4.3 Definition of Canadian Content

Canadian content, as defined in the Canadian General Standards Board (CGSB) Specification CAN-2-147.3-82, is that portion of the selling price of a product or service associated with the work performed in Canada. Canadian content may also be calculated as the selling price less the cost of directly and indirectly imported materials, labour, services and overhead.

- 2) The Selling Price is the net selling price to the buyer after all discounts.
- 3) The Cost of Direct Imports is that portion of the selling price associated with directly imported materials, labour, services and overhead. It includes the cost of transportation to the Canadian place of importation (place where first landed in Canada).
- 4) The Cost of Indirect Imports is that portion of the selling price associated with the costs for materials, labour, services and overheads that, while obtained through a Canadian supplier, in fact originated outside of Canada.

Calculation of Canadian content should be based on information derived through generally accepted accounting principles.

The provisions of the Canada-USA Auto Pact do not affect the calculations of the Canadian content when purchasing vehicles or other equipment.

2.4.4 Canadian Content Form

Canadian content is to be recorded on form CIDA-ACDI 66 (01-88).

The completed form should be included only in proposals or bids addressed to CIDA. All other

copies of proposals or bids are to include forms with only line 7 completed.

CIDA reserves the right to verify the achievement of Canadian content offered by suppliers.

Copies of completed Canadian content forms are to be held by the EA for use in substantiating the level of Canadian content achieved on an overall project basis.

2.4.5 EA Responsibilities for Administering Canadian Content Requirements

When an EA has been retained for a project, the EA becomes responsible for administering the Canadian content requirements. These responsibilities include:

- 1) confirming project specific Canadian content requirements with CIDA;
- 2) maintaining a supply of Canadian content forms and issuing these to suppliers;
- 3) evaluating supplier declarations of Canadian content;
- 4) obtaining copies of completed Canadian content forms as submitted by suppliers; and
- 5) monitoring overall Canadian content achieved for the project, maintaining Canadian content records, and providing details to CIDA, when requested and/or through periodic and final reports.

2.5 Procurement Under Contribution Agreements

As has been stated in section 2.2.2, country focus projects administered by Contribution Agreements essentially "belong" generally to the implementing organization. Projects are implemented according to the objectives and criteria of the organization, provided that they meet the country program objectives of CIDA.

Since CIDA is contributing to another organization's project under a Contribution Agreement, the normal degree of control associated with contracting for goods may be somewhat relaxed.

However, CIDA must ensure that its interests are secured by taking those measures deemed to be necessary to protect the investment of the Crown. The question of control is managerial and judgmental. The nature and the degree of control to be instituted in a Contribution Agreement must be assessed for each project according to the risks involved, the amount of procurement activity, the procurement experience of the organization and of the RC and the need to follow established CIDA policies. It should be noted that all projects and programs supported by contributions must be subject to the right of audit.

If goods procurement is an issue, Contribution Agreements should contain a section on goods procurement procedures. It should state the categories of goods and related services to be procured in Canada with "tied" funds. It should also state those categories of goods and related services that may be procured in the RC with "untied" funds. Any reporting requirements connected with goods procurement should be established. Sections of this handbook may be referenced as a guide.

It is strongly recommended to have a CIDA Contracts Officer review the procurement component of the Contribution Agreement and, if necessary, research the procedures to be employed by the receiving organization to ensure CIDA's interests, as well as the Canadian taxpayers interests, are protected.

This step may not have to be undertaken for each and every Contribution Agreement as some receiving organizations are well known internationally as well as to CIDA and employ procurement methods that are equal if not superior to those employed by CIDA.

3 Procurement Planning

3.1 Introduction

Procurement planning is the foundation of successful procurement management. A well-prepared procurement plan is a critical document for managing and monitoring project activities.

A procurement plan should be prepared as part of the project inception report or as the initial step in the flow of a project purchasing cycle. A procurement plan should address the proposed methodology for executing the following procurement activities:

- 1) Preparation:
 - a) identifying requirements (goods, material, related services);
 - b) establishing a schedule;
 - c) preparing specifications and/or statements of work;
 - d) sourcing of firms/companies to be invited to bid; and
 - e) preparing and issuing bid solicitations.
- 2) Purchasing:
 - a) evaluating offers; and
 - b) awarding contracts or purchase orders.
- 3) Logistics:
 - a) verifying quality assurance procedures;
 - b) monitoring supplier deliveries;
 - c) monitoring the packaging and marking of goods; and
 - d) logistics and transportation.
- 4) Receipt and Payment:
 - a) receipt, inspection and acceptance of goods; and
 - b) arranging for payment and financial controls.
- 5) Reporting:
 - a) preparing and responding to procurement reports.
- 6) Inventory and Handover:
 - a) warehousing and inventory control; and
 - b) arranging for end of project handover and the disposal of equipment.

Procurement plans should be clear and concise. Lists and tables should be utilized to enhance clarity.

The content and format of the procurement plan as outlined in this chapter provide a guide upon which a detailed procurement plan may be developed. The proposed content and format of any procurement plan must be discussed with and agreed upon by the CIDA project team.

Once a procurement plan has been accepted, any proposed exceptions to it shall be clearly identified

and agreed to by CIDA and the RC. Suggested structure for the procurement plan is as follows:

- a) Procurement Methodology
- b) Procurement Elements
- c) Logistics
- d) Training, On-Site Work and Inventory Management
- e) Formal Handover and Acceptance of Project Goods
- f) Administrative Elements

3.2 Procurement Methodology

This section of the procurement plan should be used to:

- a) broadly identify and describe the intended use of the procurement packages (goods and related services) and provide an approximation of disbursements by fiscal year. This should include those items related to project sustainability (for example, long lead time spare parts); and
- b) provide information on approximate cost of the goods and related services which make up the procurement packages.

This information should be presented in a format that is appropriate for the size and complexity of the project's procurement requirements.

There is no set format for presenting the procurement methodology. A format that has proven to be successful is to have the EA complete a List of Materials for Approval (LMFA) form. A copy of this form is attached as appendix 2A. Once exact requirements are identified they may be submitted for approval. An LMFA may be submitted on an "as required" basis or on an annual basis, depending on when requirements can be defined. Also included in appendix 2A is sample format of a Procurement Report that references the LMFA.

Due to contracting authority limitations, some competitive and non-competitive purchase orders/contracts require approval by the Treasury Board (TB) of Canada before they can be issued. The project team will advise on any such limitations that must be respected. The procurement methodology must consequently include information on proposed non-competitive or competitive awards so that a timely submission to the TB may be prepared. Refer to appendix 1 for more information regarding goods procurement contracting authorities.

3.3 Procurement Elements

3.3.1 Sourcing

The proposed sourcing method should strive to establish an equal opportunity for competition between potential suppliers. This section of the procurement plan should outline how suppliers will be sourced and should detail how the Canadian content requirements will be met. (Refer to chapter 2, section 2.4 and to chapter 6). The intended use of any trade directories or source lists should be specified in this section.

Any proposed non-competitive solicitations are to be highlighted and justified.

3.3.2 Bid Solicitation

Different methods may be used to solicit bids from suppliers. The use of these methods depends upon the complexity and estimated cost of the goods being bought. With reference to chapter 7 on Bid Solicitation, this section of the procurement plan should discuss the intended bid solicitation procedures to be used for each procurement package, including any need for pre-qualification or bid evaluation criteria.

The following provides a guide to bid solicitation methods based upon complexity and estimated dollar values:

Method	Estimated Value	Bid Solicitation Procedure
1	up to \$5000	Price comparison (document on file if >\$500). Goods are standard, off-the-shelf items.
2	\$5000 - \$25,000	Invite a minimum of two written quotations/proformas in a competitive manner. Goods are standard and off-the-shelf.
3a	\$25,000 and up	Formal call for sealed tenders (often called an Invitation to Tender (ITT)). Issued competitively to qualified suppliers. Goods may or may not be off-the-shelf. Selection is based solely on price. Refer to section 7.1.1.
3b	\$25,000 and up	Request for Proposal (RFP). Goods may or may not be off-the-shelf. Selection cannot be made solely on the basis of price. Refer to section 7.1.1.
4	Non-competitive	Bid solicitation is usually in the form of an RFP. Justification and a Fair Price Declaration are required. Refer to section 6.3 and to section 9.2.

For frequently used, repetitively purchased low-dollar value consumables, it may be appropriate to utilize Standing Offer Arrangements (SOAs). Consumables are defined as goods that cannot be repaired, refurbished or updated.

SOAs are discussed in chapters 7 and 9. Solicitation methods used to establish SOAs will usually be in the form of requests for proposals.

When the use of sealed tenders is proposed, samples of the following tender package components (discussed in detail in chapter 7) should be presented, as required, in an appendix to the procurement plan:

- 1) the Invitation to Tender (Bid Solicitation);
- 2) the Instructions to Bidders;
- 3) the Form of Bids;
- 4) the Form of Agreement and Performance Bonds;
- 5) the General Terms and Conditions;
- 6) the Special Terms and Conditions;
- 7) the Bid Evaluation Criteria (refer to chapter 8); and
- 8) the procedures for receipt and opening of bids.

In the case of RFPs, a sample of the content and structure of the proposed RFP should also be presented in an appendix to the procurement plan.

3.3.3 Contracting

Unless subsequent negotiations are to take place, contracts should reflect the terms and conditions of the bid solicitation documents. These terms and conditions should be defined in the procurement plan.

Consequently, the procurement plan's section on contracting should focus on proposed contract terms including those related to defining delivery and payment. This section of the plan should also describe the support documents suppliers will be requested to submit with invoices.

INCOTERMS 2000 (refer to the Logistics' Handbook) developed and published by the International Chamber of Commerce are recommended for defining contract delivery terms.

Responsibility for verification of invoices, recommendation for payment, and other payment particulars should be addressed in this section of the procurement plan.

Sample contracts and purchase orders should be provided as required in an appendix to the procurement plan.

3.3.4 Risk Management and Insurance

With reference to chapter 4, this section of the procurement plan should address issues related to risk management, such as:

- 1) the need for tender bonds;
- 2) the need for performance bonds or guarantees; and
- 3) the need for insurance.

If the need for these securities has been established, then the conditions of their use should also be defined in the procurement plan. Issues to be addressed include:

- 1) when will securities be required;
- 2) what type of securities are appropriate;
- 3) the length of the validity period of the security;
- 4) the value of the securities (amounts or percentages);
- 5) the identification of the beneficiary (or beneficiaries); and
- 6) when to dispose of these securities (i.e. under what conditions).

As part of risk management, an assessment of the potential impact of delays in the overall procurement process on other components of the project should be carried out and reported in the procurement plan.

Relevant forms or documents related to risk management and insurance should be provided as required in an appendix to the procurement plan.

3.3.5 Quality Assurance and Inspection

With reference to chapter 10, this section of the procurement plan should address those issues related to quality assurance, quantity verification, inspection, certification, testing, etc.

A description of the proposed methods and responsibilities for implementing quality assurance measures (including inspection requirements) for various procurement packages should be addressed in the procurement plan.

Any relevant forms or documents should be provided in an appendix to the procurement plan.

Note that if necessary, the procurement plan should also address any RC requirements for inspections to take place before goods are imported into the RC.

3.4 Logistics

This section of the procurement plan should address those issues related to logistics. Refer to the Logistics' Handbook particularly for INCOTERMS 2000.

3.4.1 Marshalling

This section should address any possible marshalling activities for consolidating goods in preparation for overseas shipment.

3.4.2 Packaging and Marking

This section of the procurement plan should address those issues related to the packaging and marking of goods including:

- 1) recommendations regarding the use of supplier's standard packaging or the need for special packaging. The procurement plan should also discuss the extra costs of any such special packaging requirements;
- 2) proposed marking instructions to suppliers or marshallers. Sample markings could be provided in an appendix; and
- 3) provisions for special packaging and marking of hazardous or dangerous material.

3.4.3 Overseas Shipment

This section of the procurement plan should provide details on the organization of project shipments, including:

- 1) the use of shipping agents and/or freight forwarders;
- 2) the mode(s) of shipment;
- 3) the ports and points of transfer and storage;
- 4) terms of delivery (INCOTERMS 2000); and
- 5) any special conditions, such as extraordinary handling, storage under deck, hazardous material, special container requirements, etc..

3.4.4 Transportation Documents

The required transportation documents should be identified for proposed shipments, with particular attention to the requirements of the RC needed for customs clearance.

3.5 Training, On-Site Work and Inventory Management

This section of the procurement plan should identify any requirements for training, commissioning, inventory management and long term maintenance related to the proposed procurement packages. It should clearly identify who will be responsible for each of these support activities.

3.6 Formal Handover and Acceptance of Project Goods

With reference to chapters 11 (acceptance of goods) and 15 (formal handover), this section of the procurement plan should describe in operational terms the proposed acceptance procedures (governing the transfer of ownership from the supplier to the consignee) and the proposed handover procedures (governing the transfer of ownership and responsibility for project goods to the RC or the consumption and disposal of goods as the case may be.

The identification of the consignee and the consignee's responsibility should also be addressed in this section.

3.7 Administrative Elements

3.7.1 Procurement Activity Chart and Cash Flow Schedule

Planned project activities can often be best described by presenting them in a chart or graphic format. As such, a procurement activity chart describing the schedule of events in the procurement cycle and highlighting major project milestones and critical dates may be a valuable element of the procurement plan. Section 3.1 of this chapter lists many of the procurement activities that could be included in such a chart.

3.7.2 Procurement Contingency Plan

In order to protect the integrity of the project, procurement contingencies and fall back positions should be identified in the procurement plan. Contingency and fall-back positions may be based upon the major procurement milestones of the project.

3.7.3 Reporting

Reporting is a critical activity for managing the procurement process. A number of reports (such as status reports and variance reports) may be required over the procurement cycle. The nature, content and schedule of reports and reporting procedures should be defined in the procurement plan. (See Chapter 13 for more details on reporting requirements).

4 Financial Securities and Insurance

4.1 General

The Treasury Board Manual - Information and Administration Component - Contracting (revised May 31, 1993) provides directives and guidelines for financial security. They are summarized as follows:

- 1) Various forms of financial security exist to ensure that contractors' obligations under contracts are carried out, to protect the interests of subcontractors, sub-subcontractors and suppliers, and to protect the Crown against loss should a low bidder fail to enter into a contract;
- 2) Contracting authorities shall use their own judgment in determining the form and amount of financial security. That judgment should be based upon the type of work and the custom of the trade or profession, the consequence of non-performance, the stability of firms likely to compete and the capacity of the specific contractor to deliver in relation to the commitment; and
- 3) If a contracting authority specifies that security must be provided in the form of a bond or security deposit, these securities must be dealt with in accordance with the in the manner set out in Part II of Government Contracts Regulations.

4.2 Risk Management

Risk management includes all measures which should be taken prior to and during an aid project to prevent possible loss of funds, materials, equipment, goods and services regardless of whether insurance policies are taken out or not.

Good risk management is the responsibility of every individual involved with a CIDA financed project. Risk management should start from the agreements made at the MOU stage of the project until the project is actually delivered.

If an EA is accountable for project delivery, then the EA is accountable for making good on losses or damages to any project goods that the EA is ultimately responsible for. This accountability makes risk management an important element in the role of an EA.

4.2.1 Approach to Risk Management

The approach taken in these guidelines is that risk management is in fact good management with emphasis on the prevention of losses, damages, delays, and cost overruns of any type during the procurement process.

Effective risk management can be achieved through a combination of the following:

- 1) Sound planning and control of the procurement cycle, including contingency measures;

- 2) Securing adequate and appropriate financial guarantees from suppliers to cover supply related costs;
- 3) Using "holdbacks" when appropriate. A holdback is an amount withheld under a contract pursuant to section 35 of the Financial Administration Act. It is used to ensure contract performance and to avoid overpayments in relation to the progress of work; and
- 4) Obtaining commercial insurance coverage for risks to goods when they are outside the control of either the supplier or the EA, such as during transportation.

4.2.2 Planning and Control

A detailed procurement plan (refer to chapter 3) should take into account the risks of delays in delivery by the suppliers, the timing constraints of overseas transport, and the time required by export and import formalities.

Control should be exercised by the EA through close expediting and follow up, and by putting into action planned contingency measures.

4.2.3 Contingency Planning

Calling in financial securities or making claims on insurance companies may recover financial loss incurred as a result of failure by a supplier to meet contractual obligations, or as a result of loss/damage to goods in transit. However, the success of the project itself may be jeopardized through the delays involved in repeating the procurement process, and this should be taken into account when asking for sureties of any type.

A recommended practice when securities of any type are being contemplated is to establish a checklist to track the security from its initial request to its eventual release, including the conditions respecting this eventual release.

4.3 Financial Security

Good risk management requires consideration of financial security. When bids are invited or contracts entered into, the necessity of making provision for financial security should be considered. Some common financial security instruments and tools are bid bonds (also called bid guarantees), performance bonds and holdbacks.

A decision on the use and size of financial securities should be made after the following factors have been considered:

- 1) the type of work and custom of the trade;
- 2) the consequences of failure or inability of the supplier to meet contractual obligations;

- 3) the stability and capability of firms likely to compete for a contract, as evidenced by their financial structure, performance record, payment record, credit rating, and cash flow. In general, the greater the degree of pre-qualification of prospective contractors, the less the need for security in the contract.

Finally, as CIDA employs a Project Team approach with respect to a given project, an Financial Management Advisor (FMA) should either be part of the Project Team or consulted to ensure that proper procedures are being followed - not only with respect to TB regulations but also in accordance with the FAA concerning the handling of a given security.

4.3.1 Types of Financial Security Instruments

Contracting authorities (including EAs) may require prospective suppliers to post some form of financial security at the tender or contracting stages in order to protect the project against the possibility of supplier non-performance.

Commonly used security instruments are:

- 1) **Surety Bonds.** Surety bonds are instruments used to indemnify a contracting authority, within specified financial limits, against a supplier's failure to carry out the contractual obligations. Some types of surety bonds are:

- 1) Bid Guarantees or Bid Bonds. These are requested as part of a supplier's bid or tender in order to ensure that a supplier whose bid is accepted will effectively enter into a contract. Contracting authorities until suppliers provide any required performance bonds should hold bid guarantees. Bid guarantees are normally made jointly in the name of CIDA and of the RC or its agent.

A sample of the wording that could be used to request a bid guarantee, and an example of a bid guarantee, can be found in appendix 4A. Chapter 7 also deals with this issue.

- 2) Performance Bonds. These are provided to guarantee the performance of a contractor/supplier in accordance with the terms of the contract. Contracting authorities should determine the amount required by assessing the contractor's financial capability, performance and payment records, the market and industry volatility and the degree of risk inherent in the contract.

A sample of the wording that could be used to request a performance bond, and an example of a performance bond, can be found in appendix 4A.2. Chapter 7 also deals with this issue;

- 2) **Security Deposits.** Security deposits are instruments that a contracting authority may convert to complete a supplier's obligation. They may take the form of certified cheques, government guaranteed bonds, irrevocable letters of credit or any other forms of security as may be deemed appropriate by contracting authorities.

Contracting authorities must determine the adequacy of the security deposits provided and must arrange for their safe-keeping. (The FMA can provide assistance in meeting this requirement)

Security deposits related to advance or progress payments must be for 100% of the total possible outstanding advanced amounts;

- 3) Holdbacks. A holdback is the withholding of a pre-determined percentage of a payment(s) to a supplier. A holdback is used to ensure due performance of a contract and to provide CIDA and the RC with access to funds for commitments resulting from a contractor's non-performance; and
- 4) Warranties. A warranty is an instrument by which a supplier guarantees to repair or replace defective equipment or parts during a specified period following delivery. Refer to section 4.4.

4.3.2 Amount and Validity Period of Financial Security Instruments

The contracting authority should determine the amounts of financial security for bid bonds, performance bonds or holdbacks. They are influenced by the "custom of the trade" (what is common for the type of goods involved and the associated risks). They should also bear a relationship to the costs that may be incurred by the contracting authority as a result of non-performance by the supplier. For example, a bid security might be 10% of the first \$250K and 5% thereafter.

The validity period of financial security instruments should extend to cover both the duration of a supplier's contractual obligation and potentially a period after the contractual obligation to allow time to assess whether a claim on the surety is required.

Both the amount and validity period should be clearly specified in the tender and contract clauses, and should be strictly adhered to.

4.3.3 Changes in Contract Terms

As changes in contract terms may invalidate security obligations, it is advisable to obtain legal advice in the following situations:

- 1) increases in the contract price;
- 2) completion dates specified in the contract have been modified; or
- 3) if any term or condition of the contract changes.

The supplier and the surety company must always be advised of changes in the security requirements brought about by contract changes.

4.3.4 Default by the Supplier

In the event of default by a supplier, a contract that is secured by a surety bond should not be terminated. In most cases, termination of a contract also terminates the liability of the supplier and the bonding company. The CIDA project team must be notified if any such action is contemplated or taken. CIDA may draw on its own legal and financial advisers to review such cases as they proceed. The RC and/or CIDA with the possible assistance of the EA should also seek legal and financial advice when termination is being contemplated.

Where the security is in the form of a bid bond or performance bond, the bonding company becomes liable, up to the amount of the bond. Its liability is to the contracting authority, which may be CIDA, the RC (or their agent) or both jointly. When a supplier fails to perform a contract, the surety company must be informed immediately, in writing, that corrective action is to be taken and that the surety company should not enter into negotiation with the supplier.

4.3.5 Safe-Keeping of Financial Security Instruments

Security deposits, performance bonds, and bid bonds should be kept in a secure place. It is recommended that a copy of the document be made for the contract file.

4.3.6 Release of Financial Security Instruments

It is the responsibility of the contracting authority to inform all prospective suppliers and bidders regarding release of financial security. The release of such securities shall be dealt with in the following manner:

- 1) All security deposits relating to tender submission will be returned at the expiration of the firm price bid validity period if a contract has not been awarded. If a contract is awarded, deposits provided by unsuccessful bidders will be returned immediately after a contract is issued;
- 2) The bid deposit provided by a successful bidder will be returned when either acceptable forms of contract security are provided (i.e. performance bond) or where there are no further contract securities required and a contract has been issued;
- 3) Where the deposit in respect of any tender exceeds the amount required for the contract, the amount of the excess shall be returned to the bidder;
- 4) Performance bonds or deposits should be returned promptly to the supplier when:
 - 1) contractual obligations have been satisfactorily fulfilled; and
 - 2) the contract has been terminated for a reason not attributable to the suppliers fault; and
- 5) Holdbacks should be released when the supplier has fulfilled all obligations, including the payment of subcontractors, and has supplied all auditor certificates, creditor releases, or other

documents that may be specified in the contract.

4.4 Warranty

A warranty or guarantee is the protection given to a buyer upon delivery or completion of work. The warranty period (usually one year) should be negotiated to commence at a "start-up", installation or commissioning point rather than delivery date at a Canadian port, due to the long shipping and mobilization time.

A warranty usually only contains an undertaking by the seller to repair or replace any defects and stipulates that it is not responsible for injury, damage or loss of any kind attributable to such defects, unless the seller has been guilty of gross misconduct or gross negligence.

4.5 Security for Advance Payments

Advance payments are permitted, however they should be considered only in extraordinary circumstances, that is, when they are considered essential to program objectives.

Advance payments should be made only for certain types of expenses, when financial burden to a contractor can be demonstrated, and when provision for such payments has been included in the terms and conditions of the contract in conformity with CIDA's policy on advance payments as approved by Treasury Board.

Advance payments should be based on cash flow forecasts prepared by the contractor, within a time frame established by the contracting authority, and should only cover the immediate cash flow requirements not exceeding three months. Contractors should account for costs incurred against advances in a specified time frame, but at least quarterly.

Wherever a contract provides for advance payments, any such payment must be protected by a surety given by a financially strong third party and in accordance with the Treasury Board Manual on Contracting, which contains a list of acceptable bonding companies.

Section 12.5 further details the financial limits and conditions for allowing advance payments.

4.6 Security for Progress Payments

Wherever a contract provides for progress payments, such payments must be protected by security guarantees for an amount equal to 100% in respect of each payment made or by transfer of ownership of the goods by the contractor (otherwise it becomes an advance payment).

4.7 Insurance

It is the general policy of the Government of Canada not to acquire commercial insurance for goods owned by the Canadian government. However, if the recipient country is responsible for procurement and transportation of goods, or if there is a potential for loss due to the mixing of cargo, Canadian commercial insurance should be obtained. Transportation insurance is discussed in detail

in the Logistics' Handbook.

Normally the recipient country and CIDA should decide, prior to entering into a project agreement, which will be the beneficiary of insurance and on the eventual use of monies received from claims. In most cases, CIDA and the recipient country are co-beneficiaries of insurance. Monies received will be used to replace the losses.

4.7.1 Planning for Insurance

Decisions relative to insurance should be made during the procurement-planning phase of a project. Factors to consider are:

- 1) the need to insure or not;
- 2) ownership considerations, and points of transfer of responsibility for goods;
- 3) the type and extent of insurance coverage required;
- 4) the cost of insurance;
- 5) who should be the beneficiary and the method of settlement; and
- 6) the recipient country's policy and laws on insurance.

4.7.2 Insurance Claims

No matter what the policy terms are, when damage or loss occurs, the insured party has certain obligations that must be followed in order to be fully indemnified by the insurance underwriter. These obligations are to:

- 1) make every effort to minimize any further damage or loss;
- 2) notify immediately the nearest underwriter's insurance agent to:
 - 1) arrange for a survey of the damage or loss; and
 - 2) hand over the commercial or shipping (for transport insurance) documents required for calculation of the claim.
- 3) make a claim upon the carrier (for transport insurance);
- 4) protect and preserve all rights of recovery of the underwriter against the parties involved; and
- 5) provide the insurer with independent documentary evidence to substantiate the loss or damage.

5 Specifications

5.1 General

The accuracy and completeness of specifications are key to successful project implementation. Vague and incomplete specifications lead to delays in the procurement process and result in the delivery of unsatisfactory goods and related services.

5.2 Definition

Specifications are complete and concise statements of the functional and performance requirements to be satisfied by materiel, products, or services.

The nature of CIDA's projects requires that the specification function extends to some non-functional requirements. These considerations frequently include material handling aspects, such as packaging, crating and transportation, and other aspects such as operations, maintenance and training requirements.

5.3 Responsibility for Specification Preparation

Either Canada or the RC may be responsible for preparing specifications. This decision should be made at the project planning stage. At this point in the planning stage, some discussion should take place with regard to whether the goods are to be "tied" or "untied". In other words are they to be procured in Canada (tied) or in the RC (untied). By identifying the source for the procurement, research can commence to determine the appropriateness of Canada undertaking the supply of goods within the project and changes made to the list of goods to be procured by Canada (i.e. tradeoffs with other donor countries or the RC).

If an EA is subsequently retained for project execution (which may include assistance with the procurement responsibility), goods specification preparation may form part of the EA's responsibility. On the other hand, it may be decided to retain a separate consultant to prepare the specifications, even though an EA may be co-ordinating the goods procurement for the given project.

5.3.1 Responsibility of an EA

If procurement is part of an EA's responsibility, and regardless of which party prepares specifications, the EA must ensure that specifications allow procurement activities to be conducted in accordance with the project's requirements and CIDA's policy objectives.

The main elements of an EA's responsibility for the specification function are as follows:

- 1) to prepare or to assist in the preparation of specifications for review and concurrence by CIDA and/or other technical authorities;
- 2) to ensure that information about individual items is available, accurate and complete;

- 3) to ensure that pertinent technical, legal, environmental and procedural requirements are fully considered during the preparation of specifications;
- 4) to ensure that adequate and appropriate quality assurance and inspection standards are identified and applied with respect to each item; and
- 5) to ensure that specifications encourage competition and are not unduly restrictive.

5.3.2 Responsibility of the Recipient Country (RC)

RCs must provide, at the project initiation stage and in the preparation of the project agreement, all available details on material requirements.

RCs must also provide EAs, CIDA and the Canadian Post with any additional information concerning the local technical, legal, environmental and procedural requirements needed for the completion of specifications.

When the responsibility for preparing specifications rests with a RC, local authorities must provide the party responsible for procurement with all the information needed to ensure compatibility with Canadian terms, standards and legal requirements, if it has been determined that the goods will be procured in Canada (i.e. tied aid).

An RC may also be required to approve specifications once they have been developed to ensure the specifications meet its overall requirement.

5.4 Preparation of Specifications

The task of writing specifications demands extensive preparation and accuracy. However, the material information provided by a RC often lacks sufficient detail. The procurement authority (such as an EA) is responsible for acquiring any necessary additional information. It should be emphasized that the identification of goods required for the project that require lengthy lead times should be identified early to ensure that the lengthy lead times are taken into consideration in the overall project implementation.

5.4.1 Information Sources

The following sources may provide relevant information when preparing specifications:

- 1) CIDA's project management plan;
- 2) procurement requirements summaries and/or procurement plans;
- 3) product literature from suppliers or other available product references;
- 4) requisitions or contracts for similar or identical material under similar conditions;

- 5) advice from CIDA's project team members, such as technical experts, contracts officers and project team leaders. CIDA's transportation and logistics specialist and quality assurance specialist may also provide advice; and
- 6) information from the Canadian Post abroad.

5.4.2 Factors to Consider

Adequate specification preparation requires that several technical and contractual factors be considered. These include:

- 1) Identification and Description Factors
 - 1) using generic item descriptions as much as possible;
 - 2) using commercially accepted standards for describing the size and capacity of material and equipment;
 - 3) specifying quantities by established standards of amount, weight or volume;
 - 4) using commercially accepted standards for describing the quantity and quality of spare parts, tools and anticipated long term maintenance requirements;
 - 5) provisioning for the handover of goods and commissioning of equipment or plants; and
 - 6) specifying any need for technical drawings or sketches.
- 2) Quality Related Factors (Refer to Chapter 10)
 - 1) specifying overall or itemized requirements for quality and quantity verification;
 - 2) specifying any requirements for inspections and testing;
 - 3) describing procedures to be followed when items are found to be faulty and/or not conforming to specification; and
 - 4) describing the desired terms and conditions of warranty.
- 3) Movement and Handling Factors (Refer to Chapter 11)
 - 1) specifying terms of reference for marshalling or freight forwarding services;
 - 2) specifying packaging, crating and marking requirements;
 - 3) stating the required level of protection and preservation;

- 4) specifying the modes of transport and shipment;
 - 5) stating the required delivery schedules and points of delivery; and
 - 6) identifying any provisions for safety and security, including provisions for handling hazardous materiel.
- 4) Operational Factors
- 1) identifying the performance and maintenance requirements for equipment and machinery;
 - 2) identifying any requirements for manuals and operating instructions (ensuring that any language requirements are addressed);
 - 3) identifying any requirements for training of operators and maintenance personnel;
 - 4) identifying any requirements or provisions for assembly and installation; and
 - 5) detailing geographic and climatic conditions, fuel and electrical standards, or any other special conditions found in the RC.
- 5) Other Contractual Considerations:
- 1) specifying any insurance requirements (refer to chapters 4 and 11);
 - 2) identifying any exemptions from duties and taxes;
 - 3) describing documentation requirements, particularly for commercial invoices, packing slips, bills of lading and air-waybills;
 - 4) identifying other documents that may be required such as inspection certificates, handover certificates, etc.;
 - 5) identifying any applicable restrictions (e.g. Canadian content requirements); and
 - 6) specifying the method of payment to suppliers.

6 Sourcing of Supply

6.1 Policy

Goods and related services shall normally be acquired through competitive procurement practices in a manner that enhances access, competition and fairness and results in best value, while respecting any Canadian content requirements. Canadian content policy is addressed in section 2.4.

Sourcing of Supply is an integral part of any Procurement Plan (See Chapter 3). The strategy to be employed details how procurement will be undertaken and requires the approval of the Project Team.

6.2 Sourcing - Competitive Contracts

A competitive contract is a contract where a reasonable and representative number of suppliers are given an opportunity to bid by:

Either

- 1) giving public notice, using traditional bidding procedures (such as a supplier's list) and in a manner that is consistent with generally accepted trade practices, of a call for bids for a proposed contract, and where,
 - 1) in the case of goods, at least two valid bids were received, the lowest of which was accepted; or
 - 2) in the case that only one valid bid for goods was received, fair value, as determined by the contracting authority, was obtained.

Or

- 2) giving public notice, using an open bidding methodology, possibly supplemented by traditional bidding procedures, of a call for bids for a proposed contract and where the lowest or the bid that offered the best value, as determined by the contracting authority, was accepted.

An open bidding methodology should normally be used for high dollar value contracts (in excess of \$100,000) in order to pre-qualify suppliers.

6.3 Sourcing - Non-Competitive Contracts

A non-competitive contract is any contract for which bids were not solicited (i.e. a directed contract) or, if bids were solicited, the conditions of a competitive contract were not met. Non-competitive contracts are to be awarded on an exceptional basis, and must be fully justified and documented.

Where the bidding process is waived in favour of non-competitive sourcing, prices and terms of sale

must be negotiated prior to contract preparation. The supplier will be required to submit a CIDA "Fair Price Declaration" form. Refer to section 9.2.

6.4 Sourcing and Solicitation Requirements

Initially, it should be determined where the procurement will take place, "tied or untied", i.e. tied to Canadian manufacture or untied in the Recipient Country.

Sourcing and subsequent solicitation methods should strive to establish a competitive bidding procedure.

The recommended bid solicitation procedures found in section 3.3.2 and section 7.1.1 merit repeating at this point since they directly influence the type and extent of sourcing activity required when:

- 1) it is expected that the value of individual contracts or purchase orders will exceed \$25,000, formal calls for sealed bids or tenders should be solicited in a competitive manner.
- 2) it is expected that the value of individual contracts or purchase orders will be between \$2,500 and \$25,000, a minimum of two written quotations/proformas must be invited in a competitive manner.
- 3) it is expected that the value of individual contracts or purchase order will be less than \$2,500, it is expected the purchaser will compare prices and document that the contract was awarded based on the lowest compliant price.

6.5 Establishing Source Lists

Finding firms capable of providing the required goods and related services may require some research. Information may be obtained by consulting the following sources:

- 1) CIDA's project team;
- 2) trade directory services such as the Canadian Trade Index and Fraser's Canadian Trade Directory, as well as professional and manufacturers' associations;
- 3) government services such as the Business Opportunity Sourcing System (BOSS) and the World Information Network (WIN) system (available from Industry Canada and the Department of Foreign Affairs and International Trade), Public Works and Government Services Canada, Canadian Commercial Corporation, or directories available from provincial governments; and
- 4) when it has been determined that the procurement to be undertaken will be untied, review of source lists at the Canadian Embassy in the Recipient Country, the applicable FSU, RC's own source lists, local trade journals, and UN agency practices such as the World Bank as well as local trade practices.

Source lists should contain the suppliers' names, addresses, a contact person and their telephone and fax numbers.

CIDA may require that a finalized source list be submitted for review and concurrence prior to taking any solicitation action.

It is preferred that supplier's lists be limited to manufacturers or their authorized agents.

Canadian content may be a factor in determining the eligibility of suppliers. Refer to section 2.4 for details.

6.6 Pre-qualification

There may be occasions where a source list will contain a large number of potential suppliers. Or, there may be times when the particular type of goods and related services being sought could be provided by a variety of suppliers in different fields with varying degrees of expertise.

In either of these cases, a pre-qualification of suppliers would allow for a limited number of pre-qualified suppliers to be invited to submit detailed costed bids or proposals. By limiting the submission of detailed costed bids or proposals only to those firms who meet the pre-qualification requirements, the unsuccessful firms would not have to incur the considerable cost associated with preparing these detailed submissions and CIDA would save time and resources by not having to evaluate them.

The pre-qualification process should be based entirely upon the ability of firms to perform the work and/or produce the goods or material required in a satisfactory manner, taking into account:

- 1) experience, necessary certifications and past performance on similar contracts;
- 2) capability with respect to personnel, equipment and plant; and
- 3) financial capability/viability to carry out the contract to termination.

A formal pre-qualification exercise may be advertised in trade journals or newspapers. A clear statement of the requirements for pre-qualification should be sent to all firms who express an interest in participating.

Pre-qualification of firms should only be considered when the dollar value of the potential contract is sufficiently high (in excess of \$100,000) and the sourcing considerations warrant such action.

7 Bid Solicitations

7.1 General

The bid solicitation process should afford an equal bidding opportunity for qualified suppliers and should enable CIDA and the recipient countries to achieve the goal of "best value for money".

7.1.1 Interpretation

The words "tender", "proposal" and "quotation" are used to indicate that the subject matter pertains only to a specific method of bid solicitation (i.e., Invitation to Tender, Request for Proposals, Request for Quotations); the word "bid" is used to refer to all three methods unless a specific method is excluded by a qualifying statement.

- 1) An Invitation to Tender (ITT) should be used when the estimated value of the requirement exceeds \$25,000, at least three qualified sources are available and the requirement can be clearly defined and specified so that the lowest priced fully responsive bid is accepted. Tenders that fail to conform to the total requirement should be classed as non-responsive and should be rejected.
- 2) A Request for Proposal (RFP) should be used when the estimated value of the requirement exceeds \$25,000, the requirement isn't necessarily clearly defined or specified and either the selection of the suppliers cannot be made solely on the basis of the lowest responsive bid, or only one source is being solicited. In the latter instance both the requirement and the price should be negotiated in order to obtain the best value for money. In the case of a competitive RFP, mandatory requirements and the evaluation criteria must be clearly defined and specified in the RFP. Proposals that fail to conform to mandatory requirements should be classed as non-responsive and should be rejected. Award should be made taking into account all factors set out in the evaluation criteria.
- 3) A Request for Quotation (RFQ) should be used for competitive and sole source requirements when the estimated value is \$25,000 or less. Suppliers are asked only to give firm prices based on clearly defined items and the award should normally be made on the basis of the lowest fully responsive quotation.

Bid solicitations may be issued to suppliers to obtain firm bids for entering into either contracts or standing offer agreements. The bid solicitation documents (BSDs) should be clear on this point.

7.1.2 Intention to Contract

In the majority of bid solicitation situations, the intent is to enter into a contract for the provision of goods and related services as specified in the BSDs.

7.1.3 Intention to Enter into a Standing Offer Agreement (SOA)

For more information on SOAs see section 9.5.

The bid solicitation for SOAs must state that the requirement is for a supplier(s) to provide goods and services as and when required, on the basis of pre-determined prices and conditions. A sample RFP containing some of the additional requirements of establishing a SOA is attached as appendix 6A to chapter 9.

7.1.4 Bid Solicitation Documents (BSDs)

Bid solicitations vary in content and documentation according to the project and type of procurement. However, they generally contain the following:

- 1) A Covering Letter (see 7.2 and appendix 4B);
- 2) Instructions to Bidders (see 7.3 and appendix 4C);
- 3) Bid Documents to be Submitted (see 7.4 and appendix 4D);
- 4) General and Specific Terms and Conditions (see 7.5 and appendix 4E);
- 5) Special Terms and Conditions (see 7.6 and appendix 4F);
- 6) Specifications and Drawings (see 7.7 and chapter 5); and
- 7) Bid Evaluation Criteria (both mandatory and desirable - see 7.8 and chapter 8).

The sequence of the articles (or clauses) within the above mentioned sections is left to the author of the documents.

Although the term "purchaser" appears in the documents, the proper legal name of the purchaser must be stated. The purchaser is usually the EA or a PA, a Canadian government agency, a statal, parastatal or other organization from the recipient country. The purchaser is also referred to in places as the contracting or purchasing authority.

7.1.5 Approval of Bid Solicitation Documents (BSDs)

In many situations, the RC is required to formally approve BSDs and this is to be explicitly stated in any EA's contract. CIDA's concurrence to the contents of the documents is also required (prior to the bid solicitation).

7.2 Covering Letter for Bid Solicitation Documents (BSDs)

As a minimum, the covering letter should include:

- 1) the words "Invitation to Tender", "Request for Proposal" or "Request for Quotation" etc., as applicable;

- 2) the date of the document;
- 3) the bid solicitation title and number;
- 4) the CIDA project number;
- 5) the name of the purchaser;
- 6) the name of the firm/agency issuing the bid solicitation (and on who's behalf, if acting as an agent);
- 7) a description of the project;
- 8) a description of the required equipment/material and associated services;
- 9) a statement of intent to enter into either a contract or standing offer;
- 10) a brief description of the basis of the bid evaluation; and
- 11) the date, time and location(s) where bids must be received and in what form (e.g. telex, hard-copy etc.) and quantity(ies).

A sample covering letter is in appendix 4B.

7.3 Instruction to Bidders

A sample format of instructions to bidders is in appendix 4C.

Depending upon the goods and related services to be procured, the following articles may be utilized in addition to those articles appropriate for the situation:

7.3.1 Introduction

A brief description of the aim and background conditions associated with the project should be presented. Definitions and acronyms to be used in the documents should be defined.

7.3.2 Object of Bid Solicitation

The goods and related services required must be clearly specified. Reference to the appropriate articles or appendices describing the goods is usually necessary.

7.3.3 Interpretation of BSDs and Contract Documents

Information on the procedures for obtaining clarification and interpretation of any part of the BSDs (and resultant contract(s)) must be provided and all bidders must receive any such interpretations.

7.3.4 Method of Bidding

Requirements and procedures for the preparation of the bid are to be described. The following information may be included:

- 1) language(s) to be used;
- 2) method of filling in forms (usually typing is preferred, but under certain circumstances ink is acceptable); and
- 3) other requirements, such as:
 - 1) signing;
 - 2) forms required and number of copies;
 - 3) communications instructions and addresses; and
 - 4) the rules governing bid withdrawals.

7.3.5 Bid Guarantee

The need for a bid guarantee should be assessed (refer to chapter 4).

7.3.6 Information to be Submitted with Bid

Bidders must be advised of the information and documents to be included with their bids.

7.3.7 Validity of Bid

The required bid validity period must be stated. The bid validity period is the period of time that a bid remains valid and open.

7.3.8 Costs and Expenses of Bidding

Bidders are responsible for costs and expenses related to the preparation and submission of their bids.

7.3.9 Evidence of Capability

If required, bidders must provide evidence of their ability and capacity to fulfill the conditions of the contract.

This article is not always necessary and should be omitted when a pre-qualification study of the firms solicited to bid has been conducted.

7.3.10 Bidder's Experience

If required, bidders must be instructed to furnish evidence of experience in providing equipment, materials and related services for similar types of projects.

7.3.11 Availability and Costs of Additional Spare Parts and Support Services

Bidders may be required to establish their capability in providing spare parts and support services. If this is a consideration, it should be clearly stated in the bid document.

7.3.12 Pricing

Should there be a requirement for pricing based on various points of delivery (or various terms of sale), the bidders must provide prices based upon each point of delivery (or term of sale).

The bidders must be advised if any of the delivery points or terms of sale will be used as an evaluation criterion.

Note that CIDA financed projects are exempt from provincial sales taxes, federal sales or excise taxes on goods, and customs duties on imported parts or components incorporated into the final goods. Bidders must certify their goods to be free of such costs and to quote their prices accordingly.

7.3.13 Sales Taxes and Customs Duties

It is the supplier's responsibility to claim from Customs and Excise Canada refunds of customs duties paid on material imported and later exported. In some instances, the EA may assist the suppliers in claiming their refund by providing appropriate documentation and related references authorizing the export of goods for aid programs.

The following certification must be provided on invoices for which a claim is being made for customs duty drawback:

"The goods that are the subject of this invoice have been delivered to the satisfaction of CIDA and are for exportation from Canada."

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Signature of CIDA official.

7.3.14 Export Permits

The responsibility for obtaining export permits rests with the supplier. Therefore, BSDs and contracts issued against CIDA funded projects shall incorporate the following clause:

"As the goods and supplies provided under this contract are destined for export from Canada, the supplier shall be responsible for obtaining the approvals required under Canada Export Control legislation. Information and export permits may be obtained from the Export Control Division,

Special Trade Relations Branch, Foreign Affairs and International Trade, Canada."
(See also section 7.3.22, International Sanctions)

7.3.15 Payment

The procedures and documentation required to effect payment in accordance with the agreement signed between CIDA and the recipient country must be detailed.

7.3.16 Receipt and Opening of Bids

Bidders must be informed of the bid opening procedures and the specific time and place of bid openings. (Refer to section 7.9.2, Opening of Bids).

7.3.17 Bid Evaluation

The criteria for evaluating bids must be provided. (Refer to section 7.8 and to chapter 8).

7.3.18 Delivery Schedule

Bidders must be requested to indicate delivery dates and provide a delivery schedule as required.

7.3.19 Award of Contract

Details relative to the awarding of a contract must be provided. When appropriate, a copy of the proposed contract should be attached. Bidders must be told that the purchaser is not obligated to accept any bid either in whole or in part.

7.3.20 Purchase Order Confirmation (POC)

The purpose and procedures regarding the use of Purchase Order Confirmations (POCs) by CIDA must be explained. POCs are addressed in appendix 4C under "Contract and Purchase Order Confirmation" and also in chapter 9.

7.3.21 Canadian Content

The instructions must include CIDA's Canadian content requirements and the forms that must be submitted with the bid. (Refer to section 2.4).

7.3.22 International Sanctions

From time to time, in compliance with United Nations obligations (or other international agreements), Canada may impose restrictions on trade, financial transactions or other dealings with a foreign country or its nationals. The instructions must include directions to the bidders as to who these sanctions are applicable to at the time of the bid solicitation. Bidders must agree that, should they be awarded any contract or agreement as a result of their bids, they will, in the performance of their contracts, comply with any such regulations that are in force. Bidders must also agree to require

such compliance by their first-tier subcontractors.

7.4 Bid Documents to be Submitted

Refer to appendix 4D for samples of bid documents to be submitted.

The following documents or forms are normally included in the bid package. When completed and signed, these bind the bidders to provide the goods and services listed, for the price and conditions stipulated:

- 1) Supplier's Undertaking (or Form of Agreement) - A format for this is shown in appendix 4D.
- 2) Special Stipulations - Any special stipulations and documents relative to the bid must be specified. A format for this is shown in appendix 4D.
- 3) Bill of Materials and Prices - A description of the equipment or material, quantities to be provided, insurances (if applicable), unit and total prices are usually included as an appendix to the bid document.
- 4) Delivery Schedule - If equipment and material are to be delivered at more than one point and/or on different dates, an appropriate schedule should be included as an appendix to the bid document.
- 5) Equipment Data - In order to standardize responses and make evaluation easier, the BSD should include an equipment data document to be filled out by all bidders so that the required information is supplied in a standardized fashion. A format for this is shown in appendix 4D.
- 6) Canadian Content Form - This form, CIDA-ACDI 66, is available from the purchaser. Refer to section 2.4.

7.4.1 Bid and Performance Bonds

Bid and performance bonds are essential parts of most bids as they legally and financially bind the suppliers. They can be included with the bid documents or presented separately as required. Section 4.7 deals with bid and performance bonds in more detail.

There are no standard formats for these sureties. What must be clear is that they are to be unconditional and payable "on sight" and "on first demand". Samples of a bid and a performance bond are provided in appendix 4A.

The required form of these bonds must be made clear to the bidders. Note that a bidder along with the bid must supply a bid bond and the successful bidder must supply the performance bond at the time of contract award. Usually, bid bonds are returned to all suppliers after a performance bond is received.

7.5 General Terms and Conditions

Each project should ideally have one set of general terms and conditions to be used for all procurement packages or types of procurement packages. Sections 7.5.1 to 7.5.27 address a variety of terms and conditions that may be applicable. Samples can be found in appendix 4E.

7.5.1 Definitions

Defining some of the terms that are used in the BSD and any subsequent contract helps to avoid confusion.

7.5.2 Completion Time

A statement to the effect that the supplier must adhere to the delivery schedule should be included.

7.5.3 Interpretation of Contract Documents

Suppliers must be informed of the requirements governing the interpretation of contract documents and of the consequences of failure to obtain such information and clarification.

7.5.4 Successors and Assigns

Suppliers must understand their commitment to all parties and their successors and assigns in relation to the contract.

7.5.5 Assignment of Contract

Suppliers must be made aware that they may not assign a contract or part of a contract without written approval from the purchaser. The concurrence of CIDA is also required.

7.5.6 Subcontracting by Suppliers

The restrictions regarding subcontracting must be clearly indicated.

7.5.7 Publicity

Publicity restrictions, if any, must be stated.

7.5.8 Specifications and Drawings

Information and directives to suppliers concerning specifications and drawings must be stated. Chapter 5 also addresses specifications.

7.5.9 Operating and Maintenance Manuals

Suppliers must be advised of any requirements for operating and maintenance manuals, and the quantity and language(s) required.

7.5.10 Time Extension

The conditions and/or penalties for extending delivery time(s) must be given.

7.5.11 Modification to Contract

The rules and procedures for modifying the original contract must be clearly detailed.

7.5.12 Material and Labour

The suppliers' responsibility relating to the quality of material and standards of labour used in the fabrication of the goods and associated services to be provided must be stated.

7.5.13 Certificate of Compliance

Suppliers must be informed when copies of compliance certificates are required.

7.5.14 Quality Control, Inspection and Testing

The quality control, inspection and testing requirements, along with the method(s) of inspection during and after manufacturing, if any, must be specified.

7.5.15 Faulty or Defective Equipment

The suppliers must be requested to provide adequate warranty (ies). Warranty considerations must take into account the nature of the project and the custom of industry.

The suppliers must be advised that they remain responsible for faulty or defective equipment and material(s). Such equipment must be replaced at no cost to CIDA or the RC.

7.5.16 Relationship with Sub-Suppliers

Note that while there is a "relationship" between the supplier and sub-supplier(s), sub-suppliers have no legal relationship with either CIDA or the RC.

7.5.17 Supplier's Representative

If required, suppliers must be informed of the need to designate a representative to be assigned to the purchaser.

7.5.18 Supplier's Liability

The rules concerning liability claims in consequence of injury to persons or damages to property must be specified.

7.5.19 Termination of Contract

The rights, conditions and terms concerning contract termination must be clearly stated.

7.5.20 Patents

Suppliers are responsible for adhering to intellectual property rights.

7.5.21 Liens

Suppliers may be requested to provide evidence of payment for material, work and services to sub-contractors, firms or individuals with whom they have contracted in carrying out the project.

7.5.22 Disputes

The rules and procedures for settling disputes between the purchaser and suppliers must be outlined.

7.5.23 Force Majeure

The conditions that constitute Force Majeure as well as the responsibilities of each supplier and the purchaser concerning such an event must be outlined.

7.5.24 Bribery and Fraud

Appendix 4E provides samples of appropriate clauses.

7.5.25 Terms of Payment

The terms of payment to suppliers must be detailed.

7.5.26 Lobbyist Certification

Suppliers are prohibited from engaging lobbyists on a contingency basis to help them obtain contracts.

7.5.27 Applicable Law

The applicable law governing the contract (country, province) must be identified. CIDA usually accepts the laws in effect in the suppliers' location.

7.6 Special Terms and Conditions

Special terms and conditions are likely to vary according to the type of procurement.

These special terms and conditions are to include subjects not mentioned in other parts of the BSDs or should elaborate on articles appearing elsewhere. Instructions and clarification on the following

subjects are normally included:

- 1) delivery schedule and liquidated damages;
- 2) reporting requirements;
- 3) insurance requirements;
- 4) directives concerning packaging and marking for shipment;
- 5) information concerning shipping documents;
- 6) conditions for price adjustment;
- 7) information on training requirements;
- 8) details required on the packing list;
- 9) environmental conditions affecting delivery and use of equipment;
- 10) applicable laws; and
- 11) other points not covered under General Conditions.

A sample of special terms and conditions can be found in appendix 4F.

7.6.1 Delivery and Liquidated Damages

It is important to clarify and elaborate on the delivery schedule, point of delivery or damages that will be assessed for late or non-delivery, etc. If liquidated damages are assessed, they must bear a relationship to the actual loss that would be suffered. Liquidated damages are not to be used as a penalty.

7.6.2 Reports

The requirements as to the types of reports, content, frequency and number of copies of each report the suppliers will have to submit must be specified. See chapter 13.

7.6.3 Insurance

Applicable insurance requirements should be stated. Refer to chapter 4.

7.6.4 Packaging and Marking

The packaging and marking requirements for shipment must be specified. Refer to the Logistics' Handbook.

7.6.5 Shipping Documents

The shipping document requirements and distribution must be established. Refer to the Logistics' Handbook.

7.6.6 Packing List

The information that must appear on the packing lists must be outlined. Refer to the Logistics' Handbook.

7.6.7 Price Adjustment

The rules concerning price adjustment, when applicable, must be established.

7.6.8 Training

Training requirements must be specified.

7.6.9 Environmental Conditions

Pertinent environmental and climatological information should be provided for the suppliers' information. Conversely, the suppliers must provide any environmental information pertinent to the use of what is being supplied.

7.7 Specifications and Drawings

Specifications and drawings must be clearly defined and complete. They should be presented so as to leave no room for misinterpretation or doubt. Specifications must give details on quantity, quality, standards, performance, suitability, dimensions, restrictions, etc. Refer to chapter 5 for details.

When large quantities of different types of equipment and material are involved, specifications should be presented in a separate annex to the bid documents. Cross-references to the bill of materials, the prices and the delivery schedule should be made.

7.8 Bid Evaluation

The purpose of performing bid evaluations is to determine which supplier(s) should be awarded contracts in accordance with the evaluation criteria.

Bid evaluation procedures are detailed in chapter 8.

A bid evaluation will normally include, among other things, an assessment of the following:

- 1) price and delivery;

- 2) bidder's technical ability;
- 3) bidder's experience with similar projects;
- 4) operating costs of the proposed equipment over a number of years;
- 5) availability and costs for additional spare parts and services;
- 6) completeness of data and drawings;
- 7) experience in similar training programs.

7.9 Receipts and Opening of Bids

This section describes the procedures for the receipt, custody and opening of bids.

The opening of bids can be public or non-public. The decision to have a public or non-public opening of bids is based on the significance of the project, the custom of the trade, and the product being acquired. The EA shall inquire from the recipient country and CIDA as to the opening of bids and the subsequent release of information.

It is imperative that throughout the bidding process security and confidentiality are maintained and that an accurate record of all proceedings is kept.

7.9.1 Receipt of Bids

The date and time of bid receipt should be stamped on the bid package and recorded in a bid register. The bids should be kept in a locked cabinet or safe until bid opening time.

7.9.2 Opening of Bids

Bids must not be opened prior to the date and time specified. When they are opened, it should be in the presence of at least one witness, with the procedures stipulated in the BSDs strictly observed.

The name, address and the total amount of each bid is to be accurately declared and recorded, whether opened publicly or privately.

CIDA and the recipient country may at all times nominate a representative to attend the bid-opening.

7.9.3 Public Opening

At public openings, all firms who have submitted a bid may send a representative. The envelopes are opened and the name, address and total amount of each bid is read in front of those present, then recorded.

7.9.4 Release of Information

Unsuccessful bidders must be notified in writing. Such letters should merely state that they were not selected.

After contract award and upon request of a bidder(s), the name of successful bidders, the total cost of the contract and information related to the unsuccessful bidders evaluation can be made available.

All matters related to requests for the release of information on bids and contract awards must be cleared with CIDA and the RC, prior to the actual release of such information. This is subject to the Access to Information.

8 Bid Evaluation

8.1 General

There are acquisitions in which the requirements and specifications are clear, the records of likely suppliers are relatively uniform and discretionary judgment is at a minimum; price is therefore the primary consideration. However, other situations call for greater judgment and it is unwise to focus simply on price or lowest initial cost.

Often, goods and related services offered by different suppliers are not identical. Assessments and trade-offs must be made between different performance characteristics, costs, dates of delivery, service, follow-on procurement and logistic support. Equally important are those cases in which a product or facility has been designed to meet specific requirements. In such instances, detailed analysis of materials and components in terms of their function and price may be needed before the contracting process.

Excluding minor aberrations (see section 8.4.3), only those bids that satisfy mandatory requirements should be considered for further evaluation. This further evaluation may be based solely on price comparisons, or, it may be based on a combination of price and an evaluation of other technical and non-technical factors.

The evaluation of technical and non-technical factors can be based on point scores awarded to the specific criterion used to measure these factors.

The processes followed during the bid evaluation and the rationale for assigning point scores for each criterion should be documented. The evaluation documents should be kept secure and confidential. They must be made available upon the request of CIDA personnel.

8.1.1 Best Value (1)

(1) Ref. TB Manual on Contracting Chapter 9

"Inherent in procuring best value is the consideration of all relevant costs over the useful life of the acquisition, not solely the initial or basic contractual cost.

The clear identification of the requirements associated with the decision to contract is of primary importance. There are acquisitions in which the requirements and specifications are clear, the records of likely suppliers are relatively uniform and discretionary judgement is at a minimum; price or cost is therefore the primary consideration. However, other procurements call for greater judgement and it is unwise to focus simply on price or lowest initial cost. Often, the goods or services offered by different suppliers are not identical. Assessments and trade-offs should be made between different performance characteristics, costs, dates of delivery, service, follow-on procurement and logistical support. Equally important are those cases in which a product or facility has been designed to meet specific government requirements.

In such instances, detailed analysis of materials and components in terms of their function and price

may be needed before the contracting process. This should clarify the requirement that should, in turn, result in best value.

The analysis necessary to achieve best value should not be confined to the actual procurement process; it should begin in the planning and appraisal of alternatives and continue through the definition of requirements which would include assessment and award criteria, evaluation of sources, selection of contractor, preparation, negotiation, execution and award of contract, contract administration and post-contract evaluation."

8.2 Principles Governing Evaluation

The type of bid evaluation to be used is at the discretion of the contracting authority. To ensure fairness to all prospective bidders and transparency in the award process, the following principles should be respected:

- 1) the bid evaluation process must provide a clear and concise method of ranking each bid;
- 2) the evaluation criteria must be written so that they can be clearly understood and objectively rated;
- 3) the evaluation criteria must be appropriate for the type of bid solicitation, the type of goods to be purchased, the practice of the trade, and when applicable, the associated services to be provided;
- 4) only the terms, conditions and specifications outlined in the bid solicitation documents are to be used as evaluation criteria;
- 5) an evaluation criteria which has not been addressed receives a zero mark;
- 6) the evaluation team understands both the purpose of the overall project as well as the bid evaluation procedures;
- 7) only information contained in the bid can be considered in the evaluation; and
- 8) the bid evaluation team must have expertise in the following:
 - 1) the type of goods and associated services required;
 - 2) procurement procedures; and
 - 3) bid evaluation procedures.

8.3 Evaluation

8.3.1 Price

Bid comparison may be based upon the prices quoted (usually in Canadian dollars) for the goods and related services required. In order to better evaluate competing bids, it may be beneficial to request prices to be broken down into various elements. Examples of these price elements are as follows:

- 1) price of the actual equipment;
- 2) price of transportation, including land transport in Canada and in the RC, port handling charges at port of export and import, marine freight (unit and total) charges, insurance charges (if applicable), price of shipping containers, packaging/marketing and warehousing;
- 3) price of installation and operation;
- 4) price of extended delivery (if applicable);
- 5) price of spare parts and maintenance;
- 6) price of training operators and maintenance personnel;

When evaluating prices, care must be taken to ensure that comparisons between competing bids are valid. That is, it must be clear what the prices quoted should or should not include (taxes, duties, delivery, assembly charges, commissioning charges, etc.).

8.3.2 Technical and Non-Technical

Since price comparisons alone may not be sufficiently indicative to assess best value, other technical and non-technical factors may need to be evaluated.

A point weighting can be assigned to each factor to be assessed in terms of its relative importance. Where appropriate, the total point allocation for a factor may be broken down amongst specific criterion used to measure the factor.

Experience has shown that the points allocated to each evaluation criterion, the total points for each factor and the total point rating of each bid may be most effectively presented by utilizing a grid format. This is referred to as an evaluation grid.

Regardless of how this information is presented, it must be securely stored and considered confidential.

- 1) Technical

Examples of technical evaluation criteria related to equipment are:

- (1) Level of equipment performance;
- (2) Compatibility with other equipment;

- (3) Spare parts availability;
- (4) Ease of maintenance;
- (5) Warranty coverage;
- (6) Availability of data and drawings; and
- (7) Quality of training.

Examples of evaluation criteria related to transportation are:

- (1) conditions for transport;
- (2) loading;
- (3) number of shipments;
- (4) transit time;
- (5) ports of call;
- (6) shipment time; and
- (7) shipper's experience.

b) Non-Technical

There may be factors that are not strictly technical in nature, but are important in the selection of a supplier. Examples would be issues such as delivery and terms of payment.

The evaluation team may agree that these should form part of the evaluation criteria and allot them a point value. These factors tend to become particularly important when several bidders have obtained similar technical evaluation scores.

8.3.3 Marking Technical and Non-Technical Factors

Whatever marking method is chosen, it must be consistent throughout the evaluation process. The marking method should allow sufficient range to allow for more desirable features to be awarded more points in the marking system. However, care must be taken to ensure that points awarded for exceeding base requirements are commensurate with the actual value they add.

8.4 Bidding Anomalies

8.4.1 General

There may be instances when certain anomalies are discovered during bid evaluation. This may lead to considerations regarding whether to reject the bid completely, no matter how trivial the omission, or accept the bid and mark the bidder accordingly.

The contracting authority has the final decision in such matters. The following sections 8.4.2 to 8.4.7 provide guidelines for dealing with some of these anomalies.

8.4.2 Late Bids

The onus is on bidders to ensure that bid are delivered on time and to the location designated by the contracting authority. Bids received after the closing time and date should not be considered, and should be returned unopened. A record must be kept of the returned bids.

8.4.3 Minor Aberrations to Mandatory Requirements

Bids that respond to mandatory requirements but contain a minor aberration may be considered, if, in the opinion of the contracting authority:

- 1) the aberration is trivial in relation to the total scope and value of the bid;
- 2) the presence of the aberration, its removal or clarification by discussion with the bidder is not considered prejudicial to the other bidders; and
- 3) the decision to accept such a bid is recorded and appears in the final report which supports the award decision.

8.4.4 Financial Security

Bids may contain financial securities that do not meet the standard required in the bid documents. Examples of this may be as follows:

- 1) The bid includes less than the financial security stipulated in the bid documents. In this case, the bid should not be considered responsive; or
- 2) A bidder increases the bid price prior to the stipulated closing date and time. In this case, the contracting authority may allow a reasonable period of time for the bidder to present the additional financial security required. Failure on the part of the bidder to submit the additional security is grounds for rejection of the bid.

8.4.5 Arithmetical Discrepancies

When arithmetical discrepancies occur in bids, the following procedures are recommended:

- 1) In the event of errors in the extension of unit price items, the unit price should prevail and the mathematical extension must be adjusted accordingly. The affected bidder must immediately be advised of this adjustment; and

- 2) In the event of errors in the addition of lump sum prices or unit price extensions, the total should be corrected and reflected in the total bid price. Any bidder affected by such an error must immediately be advised of the error and of the corrected total bid price.

In either of these cases, bidders may choose to withdraw their bids.

These procedures for dealing with arithmetical discrepancies must be stated in the bid package.

8.4.6 Bid Modification and Withdrawal

Modifications to bids must not be accepted after the bid closing date and time. Where an offer is made in error or contains a significant and demonstrable error, however, the bid may be withdrawn prior to acceptance. Note that an offer is not binding if it is made in error or contains an error which is known to a party who would otherwise be entitled to accept the offer prior to formal acceptance. When a bidder whose bid is accepted does not enter into a contract, the matter is no longer one of bid modification or withdrawal, but of non-performance. As such, financial securities submitted as part of the bid may need to be used. Refer to chapter 4.

8.4.7 Identical Bids

If identical low valid bids are received in response to tenders where price alone would have been the basis for award, the contract should be awarded on the basis of best value. The factors below may be weighted as deemed appropriate by the contracting authority:

- 1) a bidder with an overall satisfactory performance record be given preference over a bidder known to have an unsatisfactory performance record;
- 2) a bidder in a position to provide adequate after-sales service with a good record in this regard be given preference over a bidder who is not able to provide adequate service or who has a poor record;
- 3) when delivery is an important factor, the bidder offering the best delivery date be given preference;
- 4) when there are several items included in the bid and the prices on only some of the items are identical, the offer of the firm bidding on the greatest dollar value be given preference;
- 5) when there are several items included in the bid and one or more firms bid lower on one or more of the items, the firm that bid low on the greatest dollar value be given preference both for the items on which it bid equal prices and for the items on which it bid low; and
- 6) the bid representing the most Canadian content will be given preference.

8.5 Decision / Recommendation

The first step of the evaluation process is to examine each bid to verify its completeness and responsiveness to mandatory requirements (i.e. signature is attached, all forms of tender are completed, supporting documents are attached, the bid bond meets the required amount, etc.).

In the second step of the evaluation (for responsive bids only), both prices and scores allotted to the various factors are assessed in accordance with the evaluation criteria, and are tabulated. The bid that is considered to represent best value is recommended for award of contract. Best value may be considered to be the bid that satisfies all mandatory requirements and offers the best (lowest) ratio of price to total score. Or, if there were no evaluation factors other than price and mandatory requirements, best value may simply be the bid that satisfies all mandatory requirements at the lowest price.

A written decision or recommendation for award of contract, complete with supporting documents such as an evaluation grid, should be sent to CIDA when a contract requires CIDA's confirmation. A suggested format for this decision or recommendation is attached as appendix 5. In the case of when payment is made directly by the EA, these records must be kept on file for CIDA's audit or review.

9 Contracts and Standing Offer Agreements

9.1 General

Once a supplier has been selected, a contract must be issued. Since the selected supplier's bid will have an expiry date beyond which it will no longer be valid, the contracting authority must sign the contract within the bid validity period. The contracting authority may request an extension of the validity period from the supplier, and if the supplier concurs, the validity period may be extended.

Care must be taken to ensure that the contract precisely reflects all of the conditions in the supplier's bid. The supplier prior to being incorporated into the contract should agree to any deviations from those conditions in writing.

The contract document will be the legal instrument through which the contracting authority and the contractor govern their dealings. It is vital that both parties fully understand and agree upon the terms and conditions of their contract before committing to it.

Note that a contract can also be in the form of a purchase order or as a requisition against a standing offer agreement (SOA). Section 5 of this chapter discusses SOAs.

CIDA reserves the right to review and, in some cases, to approve contracts prior to signature by the RC. Where Canada has been designated the procurement authority and CIDA has retained the services of an EA to conduct procurement activities, CIDA must maintain "Direction and Control", as outlined in the PWGSC/CIDA MOU.

9.2 Price Negotiation

Where the competitive process has been waived in favour of non-competitive procurement, a contract must be negotiated with the supplier and approved by CIDA.

In the absence of prices influenced by competition, certain factors should be considered in establishing a fair market price. These may include current published price lists, established commodity market prices, and recent prices paid under comparable supply conditions (verifiable). Other factors to be considered when negotiating prices are the degree of business risk undertaken by the supplier, the extent of financing required, the longevity of the contract and whether the goods are of unique design or manufacture.

A Fair Price Declaration (Form CIDA-ACDI 931 1992-10) must be submitted by the supplier as part of the contract documents. The contracting authority has the right to audit Fair Price Declarations. Any Fair Price Declarations that are audited must include the methodology of the audit and must be submitted to CIDA.

As a general guideline, all sole source contracts over \$500,000 should be audited.

9.3 Contract Preparation

There is no standard contract format that would satisfy the range of procurement situations encountered by CIDA. Chapter 7 on Bid Solicitation provides most of the standard and optional conditions used in bid solicitations. These conditions would also apply to any resulting contract. Generally, the following contract conditions should be included:

- 1) Specifications and related standards;
- 2) Price, INCOTERMS 2000 and related terms and conditions for payment;
- 3) Delivery requirements and schedules;
- 4) Inspection requirements;
- 5) Acceptance procedures;
- 6) Quality assurance requirements;
- 7) Warranty conditions;
- 8) Notice of consignee and agent's particulars;
- 9) Packing and marking details;
- 10) Required documentation; and
- 11) Methods of payment.

Standard contract conditions governing the execution of the contract should be included as required. These may include the following:

- 1) Conditions of contract confirmation;
- 2) Financial security;
- 3) Termination and delays;
- 4) Assignment and subcontracting;
- 5) Indemnification;
- 6) Publicity;
- 7) Records and audit requirements; and
- 8) Force Majeure.

9.4 Purchase Order Confirmation (POC)

Where CIDA will be making payments directly to suppliers, each contract (purchase order, call-up against a SOA) is subject to confirmation by CIDA. This confirmation would be in the form of a Purchase Order Confirmation (POC).

In these cases, suppliers must be informed (as a term of the contract) that contracts become valid only after CIDA has issued POCs. Any work, therefore, that is performed by suppliers prior to receiving POCs is at the suppliers' own risk.

9.5 Standing Offer Agreements (SOAs)

Under a SOA, a supplier commits to provide a purchaser a supply of goods and related services "as and when" required and on a pricing basis and under terms and conditions stated in the SOA. A SOA is not a contract. Any call-up made against a SOA is an acceptance by a purchaser of the terms and conditions of the SOA. It is therefore the call-up that forms the contract.

Appendix 6A of this chapter contains a sample of an RFP for a SOA. Appendix 6B of this chapter shows a sample call-up against a SOA. Note that these samples are for illustrative purposes only, and in the case of the RFP, are not completed.

9.5.1 Use of SOAs

SOAs should be used when the overall requirements for a project are known, but the specific quantity and delivery date of any particular good may not be known. In this situation, bids may be solicited to select a supplier to provide the necessary goods as and when they are required.

The bid solicitation must state that the purchaser does not necessarily intend to immediately or ever enter into a contract. Rather, the intention is merely to establish the best source of a future supply, based upon firm prices and predetermined conditions over a specified validity period.

Note that care must be taken when providing the supplier(s) with an estimated quantity of goods and related services. In general, suppliers will quote lower prices if there is a reasonable possibility that a firm amount will be ordered. Ideally, the bid solicitation should provide suppliers with the minimum estimated quantity that may be ordered. Until an actual call-up document is issued, no guarantee should be given that any amount will be ordered.

Should a SOA be so worded, the supplier may remain free to withdraw from the SOA under certain predetermined conditions. The supplier would then have no further obligation to fill orders which are issued after the agreed withdrawal date.

9.5.2 Criteria

One should normally satisfy the following criteria in order to justify establishing a SOA:

- 1) the repetitive requisitioning technique will result in reduced administrative costs;

- 2) the goods and related services are clearly identified;
- 3) the goods and related services are commercially available;
- 4) the use of existing industry distribution facilities will eliminate the need to warehouse large inventories; and
- 5) the prices can be predetermined and are firm.

9.5.3 General Characteristics

SOAs should have the following characteristics:

- 1) SOAs should be used to supply off-the-shelf, readily available products. Only quantities, delivery dates and logistics cannot be determined in advance;
- 2) Unit prices should be established as a result of a competitive bid solicitation or negotiation;
- 3) Delivery dates should be stipulated in terms of a time period from the date of the call-up;
- 4) A SOA need not be funded. Only individual call-ups must be funded;
- 5) The SOA and call-up should stipulate whether the supplier will be paid by CIDA or by the EA (acting on behalf of CIDA and under its "Direction and Control");
- 6) If CIDA is to pay the supplier, the SOA should stipulate that CIDA will issue a Purchase Order Confirmation (POC) for each call-up or amendment to a call-up. If the EA is to pay, the SOA may stipulate the type of payment guarantee that may be required by the supplier;
- 7) A limit on total expenditure should be stipulated in the SOA . Suppliers must notify the purchaser when a percentage of the limit on total expenditures (usually 75%) has been used;
- 8) Limits on individual call-up expenditures should be stipulated in the SOA;
- 9) The SOA validity period must be stipulated in the SOA. Generally it is desirable that the SOA be valid over the duration of the project itself. Usually, SOAs are valid for at least 12 months. The period of validity should be the expiry date or when the limit on total expenditures is reached, whichever comes first;
- 10) For multi-year SOAs, there may be a clause allowing for a price increase due to inflation; and
- 11) All terms and conditions of supply are pre-negotiated and agreed to except for the quantity or extent of work. A list of typical conditions is shown in the sample call-up in appendix 6B. As in the case of contracts, a standing offer agreement must confirm the conditions of the bid as submitted by the selected supplier.

9.5.4 Call-Up Against a SOA

Refer to appendix 6B for a sample call-up.

When an EA is acting as the contracting authority, on CIDA's behalf, the following actions are normally required when issuing a call-up:

- 1) obtain CIDA's (and the RC's, if appropriate) concurrence before issuance of the call-up;
- 2) ensure that the call-up shows the exact quantity and description of the required goods and related services, the packing and routing instructions, the delivery points and dates, and confirm the unit price and total price of the call-up, including freight; and
- 3) issue the original call-up to the supplier, with a copy to CIDA. Where appropriate, CIDA should be requested to issue a POC to the supplier.

The supplier should be requested to acknowledge receipt of the call-up.

10 Quality Assurance and Quantity Verification

In recent years, there has been an increased global awareness and demand for "quality" goods and services. This is linked to consumers' demands for value in the purchases they make.

Government purchasing practices are also changing to increase value for money. CIDA funded purchases must respect these demands by striving to provide quality goods and services.

10.1 Definitions

Quality is conformance to the requirement. By this definition, degrees of quality and quality levels are eliminated.

Quality control differs from quality assurance. Broadly, quality control has to do with making quality what it should be, and quality assurance has to do with making sure quality has been provided. These terms are defined and explained as they apply to the requirements of CIDA funded procurement operations.

10.1.1 Quality Control

Quality control is the overall system of activities designed to provide quality. For the supplier, quality control means making sure production meets the specification.

10.1.2 Quality Assurance

Quality Assurance (QA) is a system of activities designed to make sure that quality control is being performed effectively.

A QA system continuously evaluates the quality control program, with a view to implementing corrective measures where necessary. For a specific product or service, a QA system involves audits and evaluations of the quality factors that affect the specifications, production, inspection and use of the product or service.

10.2 CIDA Approach to Quality

CIDA must ensure that the quality of goods and related services supplied meets the requirements of the recipient. When an EA assumes the responsibility for goods and/or services procurement, the EA becomes responsible for quality and for specifying a required quality standard.

To deliver a quality project, it is important that quality exists in each step of the procurement process. Consequently, quality issues should be dealt with early in the procurement process. This may mean that certain quality related controls and audits should be part of the procurement plan (see chapter 3).

10.2.1 Manufacturing/Supply

The application of QA standards to manufacturing is based upon the nature of the goods produced, the use of the goods and the preferences of the purchaser. For example, manufacturers of certain goods may have to meet several internationally recognized QA standards, including the ISO 9000 series (governed by the International Standards Organization). Standards such as these are demanded by a variety of private and public sector purchasers.

It is difficult to demand a QA standard from a supplier if such a standard is not already in place. In general, those suppliers who can meet a QA standard or are trying to implement one tend to provide quality goods and services.

If it is decided for a certain product or service that a recognized QA standard should be either mandatory or desirable, bid solicitations should clearly state this. Along with this, the question of requiring third party accreditation of the QA standard should be addressed and if necessary, requested as part of the bid package. It may be that only certain parts of a particular QA system will be applied at a particular time during the manufacturing process. If this is a possibility, the manufacturer must state which parts of a standard will be applied during the manufacture or supply of the requested goods or services.

QA standards should not necessarily be restricted to primary goods, equipment or services. Standards may also be warranted for the supply of spare parts, manuals and training requirements, material handling requirements and other related documentation or services.

10.2.2 Handling of Goods

In most projects, goods and equipment undergo extensive handling from the time they leave the supplier's plant to the time of shipment from Canada. It is important to consider the processes in this phase that may affect product quality. These processes include:

- 1) the level of protection provided by packaging and crating;
- 2) the storage and warehousing facilities in Canada; and
- 3) the level of export packaging.

The Logistics' Handbook addresses these processes in more detail. For quality considerations once the goods have left Canada, refer to chapter 11.

10.3 Responsibility for Quality Assurance and Quantity Verification

10.3.1 Contracting Authority

It is the responsibility of the contracting authority, (usually the EA) to identify and ensure that suppliers are contractually obligated to meet any quality requirements.

It is also the EA's responsibility to ensure that scheduled and documented quantity inspections are carried out at various stages in the procurement cycle. These responsibilities should be clearly

defined in the EA's contract.

Note that many RCs use the services of inspection agencies. It is possible that goods and materials may not be imported into the RC without an inspection certificate. The EA must establish whether the RC will require these inspections to take place and must also confirm that all necessary documentation required to import the goods into the RC is available in the required quantities. These issues should be presented in the procurement plan, and are in addition to any quality requirements.

10.3.2 Supplier

The supplier's responsibilities concerning QA should be specified in its contract.

If stipulated in the contract, the supplier should provide the contracting authority with information concerning quality control procedures for product development, assembly, inspection and testing.

The supplier is also responsible for having a representative present during any other inspections or tests performed directly by or on behalf of the contracting authority. This representative should have the authority to sign and acknowledge any acceptance forms or other documents concerning inspection, testing and auditing activities.

10.4 Inspection

Technical inspections and tests may be unnecessary when purchasing "off the shelf" or standard items covered by warranty. Inspections and tests should only be performed to assure that contract requirements have been met. Monitoring may also be carried out over preservation, marking, packing and shipping operations.

Technical inspections and tests are normally conducted at the factory of the supplier. The supplier's contract should stipulate inspection details such as:

- 1) who will be responsible for performing inspections;
- 2) where and when inspections will be carried out;
- 3) the final inspection and acceptance procedures; and
- 4) the supplier's responsibility for:
 - 1) facilitating inspections;
 - 2) absorbing any additional costs due to extra work or delay resulting from facilitating inspections; and
 - 3) absorbing costs for correcting defective or deficient work.

10.5 Quantity Verification

The main issue with quantity verification is logistics, and is dealt with in more detail in the Logistics' Handbook. However, since it is often linked with quality assurance, quantity verification is addressed in general terms in this chapter.

Usually, there are two levels of quantity verification. The first or primary level (see 10.5.1) is when quantity verification takes place at the supplier's plant, within the framework of quality inspection. The secondary level (see 10.5.2) occurs during the goods transportation process, and may need to occur more than once. The location and number of quantity verifications will depend upon the INCOTERMS 2000 (discussed in detail in the Logistics' Handbook) used to determine when a transfer of responsibility for goods takes place. This transfer of responsibility may take place more than once, depending upon how many intermediate parties become involved in the transport of the goods.

Whoever is responsible for goods procurement must ensure that the place, timing and who will be involved with the quantity verification functions are documented and implemented.

10.5.1 Primary Quantity Verification

Primary quantity verification is usually carried out at the supplier's plant following quality checks, inspection and testing. The supplier's contract should therefore specify any quantity verification requirements. The contracting authority is responsible for making sure that the verification is carried out and that the quantities delivered are correct and documented. Any deficiencies or shortages should also be duly documented, and appropriate corrective actions initiated.

10.5.2 Secondary Quantity Verification

If the transfer of responsibility for goods is directly between the supplier and the RC (for example, if the INCOTERMS 2000 (Delivered Duty Unpaid to the RC) are used), then the supplier has the responsibility for delivering the required quantity of goods directly to the RC. In this case, any secondary quantity verifications would be at the discretion of the supplier. If, however, the INCOTERMS 2000 dictate transfer of responsibility at some intermediate points between the supplier's plant and the RC, the party responsible for the goods may wish to conduct quantity verifications at various locations along the transportation route. These locations may be the marshalling area, the port of loading or the port of unloading. The Logistics' Handbook provides more detail information on this.

At the secondary level, quantity verification generally consists of verifying the number of crates, cartons or boxes and assessing their general exterior condition. An insurance agent or marine surveyor normally performs this type of verification. If any damage is noticed, the quantity and condition of the items within the damaged packaging must be checked and a damage report issued to the contracting authority.

In complex construction, infrastructure or transportation projects where equipment and assemblies may be delivered in multiple shipments, it is advisable that quantity verifications take place as each delivery from the manufacturer/supplier is completed.

11 Delivery and Acceptance of Goods

11.1 General

A critical phase in project procurement is accepting delivery of goods. It is at this point that responsibility for goods is transferred to the consignee.

For CIDA projects, the consignee will be either an EA or the RC. Nomination of the consignee is determined during project planning.

Delivery acceptance procedures involve four general activities:

- 1) Planning (refer to section 11.2);
- 2) Delivery (refer to section 11.3);
- 3) Inspection and Quantity Verification (refer to section 11.4); and
- 4) Acceptance (refer to section 11.5).

In accepting goods without formally noting exceptions, a consignee concurs that a supplier has met contractual obligations. If the consignee is not fully satisfied with delivery, the goods may be accepted, but the deficiencies must be noted in writing on an appropriate acceptance document. This is a conditional acceptance, where a supplier either rectifies the deficiencies or gives appropriate consideration (compensation) to the purchaser. This is discussed in section 11.5.5.

Usually, project Memoranda of Understanding (MOUs) specify that all goods purchased for project implementation will become the property of the RC. When an EA is the consignee, the EA is custodian of the goods until ownership is officially transferred to the RC by means of handover acceptance certificates (refer to chapter 15). If the consignee is the RC, the RC assumes ownership and responsibility for the consignment upon accepting delivery.

11.2 Planning

Accepting delivery of goods may be the responsibility of either the RC or an EA. This must be reflected in the project's MOU, in any EA contract and in the project's procurement plan (refer to chapter 3).

Along with other procurement procedures, the procurement plan must address delivery acceptance procedures such as:

- 1) The sequence of activities needed to ensure the orderly delivery and acceptance of goods from suppliers;
- 2) The procedures and responsibilities relating to importation of goods into the RC;

- 3) The delivery and acceptance terms necessary for inclusion in bid solicitations and resultant contracts. These terms must describe the responsibilities and obligations of the seller in delivering the goods, as well as describe the conditions of acceptance; and
- 4) The contingency measures needed to deal with any delays, deficiencies and damages which may affect the transfer and acceptance of goods.

11.3 Delivery

11.3.1 Tender and Contract Clauses

The delivery terms specified in tender and contract documents dictate the responsibilities and obligations of the seller in providing the goods to the consignee, as well as the duties of the consignee in taking delivery. Delivery clauses should address the following:

- 1) The point of transfer of responsibility for the goods from the supplier to the consignee. Proper sales terms (INCOTERMS 2000) should be used. The delivery point will be defined in the terms of the supplier's contract. The most common delivery points are:
 - 1) a freight forwarder's premises in Canada;
 - 2) on board a vessel at a Canadian port; and
 - 3) on the wharf at the RC.

Whenever practical, the ownership and responsibility for goods should remain with the supplier until the goods reach the RC consignees premises. Therefore, it is preferable that the supplier's contract specifies the delivery term "Delivered Duty Unpaid" (DDU). Refer to the Logistics' Handbook;

- 2) The responsibility and costs for the "Contract of Carriage". Again, these are usually covered in INCOTERMS 2000. Refer to the Logistics' Handbook;
- 3) The provision of sufficient advance notice by the supplier to the consignee prior to shipping goods. It is recommended that the contract specify a "shipping release" paper to be signed by a representative of the contracting authority as a prerequisite to vessel loading;
- 4) Checking, packing and marking requirements;
- 5) Inspection of goods and any need for inspection certificates;
- 6) Proof of acceptable delivery;
- 7) Conditions relating to acceptance of goods and how they will effect payment;
- 8) Penalties for late or defective deliveries; and

- 9) Documents required for payment.

11.3.2 Responsibilities

Although suppliers are responsible for delivery as per their contracts, CIDA's, any EA's, the RC's and the Canadian Post's involvement will be necessary to facilitate the delivery of goods.

The following describes their delivery related responsibilities:

- 1) CIDA

The CIDA project team may call upon the services of CIDA's logistics expert to review and comment on the proposed methods of delivery acceptance as described in the procurement plan. Advice may also be requested on problems relating to transportation.

- 2) The EA

If involved in procurement, an EA must execute the following activities to ensure an effective delivery and acceptance of goods:

- 1) Prepare a procurement plan that will establish delivery and acceptance procedures and assign responsibility for each activity;
- 2) Prepare delivery clauses for tender documents and contracts that describe the responsibilities and obligations of the seller in delivering the goods, as well as the conditions of acceptance;
- 3) Brief agents, suppliers, marshallers, transporters, consignees, CIDA and the RC on the delivery procedures, prior to the commencement of the project's procurement activities;
- 4) Advise suppliers of shipping restrictions or of any special delivery, handling, packing or documentation requirements;
- 5) Ensure that all requirements are in place to allow for the importation and discharge of individual shipments;
- 6) Advise CIDA's project team of potential or actual delivery problems;
- 7) Ensure that post-delivery agreements are in place and that these responsibilities are fulfilled.

- 3) The RC

If an EA is not part of project procurement, an RC will be responsible for the activities listed in 2) above. RCs are also responsible for import licenses and any other documents required to allow goods into the RC.

An RC representative may also be required to facilitate vessel discharge through arrangements with local port authorities.

4) The Canadian Post

A Canadian post representative assigned to a project may be requested to assist in resolving problems related to goods importation.

5) The Supplier

The supplier's contract will determine the supplier's responsibilities for delivery. These usually include:

- 1) to deliver the goods up to the delivery point as per the terms and conditions specified in the contract;
- 2) giving sufficient advance notice as to when goods will be ready for inspection;
- 3) having a supplier's representative available to witness inspections and sign the appropriate documents;
- 4) forwarding to the consignee all documents required to allow the goods to arrive at the destination point and allow for proper customs clearance. These include, but are not limited to, negotiable bills of lading and certificates of origin.

11.4 Inspection and Quantity Verification

In order for an EA to ensure that a supplier has met contractual obligations and to certify that items are delivered in good order, it may be necessary for an inspection of the goods to take place prior to acceptance. However, some form of quantity verification must always take place prior to accepting goods.

Inspection is discussed in section 10.4, and in the logistics' handbook. Quantity verification is discussed in detail in section 10.5 and also in the logistics' handbook.

If inspections are carried out, an inspection certificate should be specified in the supplier's contract as being necessary to support a request for payment.

11.4.1 EA Responsibilities for Inspection and Quantity Verification

An EA must ensure that:

- 1) appropriate inspection and quantity verification clauses are included in supplier contracts; and
- 2) any required tests, inspections and quantity verifications are performed;

11.4.2 Supplier Responsibilities for Inspection and Quantity Verification

The supplier's contract should require that the supplier:

- 1) give sufficient advance notice as to when goods will be ready for inspection and quantity verification;
- 2) have a representative available to witness inspections and sign the appropriate documents; and
- 3) certifying that the supplier has conducted any required in-house testing and inspection.

11.5 Acceptance Procedures

Acceptance procedures govern the transfer of ownership from a supplier to a consignee upon delivery and final inspection of goods. All project documents and contracts must clearly define the respective acceptance procedures to be followed by the RC, the supplier and any EA.

It must be emphasized that acceptance is not only a contractual responsibility but a legal one as well. Once the goods have been accepted, the supplier is released from its contractual responsibilities and only the warranty provisions, if there is a warranty, could be called into question.

11.5.1 Acceptance Procedures in Tender Documents and Supplier Contracts

Provisions for, and details relating to accepting delivery of goods must be reflected in supplier tender and contract documents.

The supplier's contract must identify any specific documents for inclusion with the supplier's invoice that confirms delivery was acceptable. Examples of such documents include, but are not limited to waybills, inspection certificates, surveyor's reports, receipt of shipment certificates and declarations of acceptance. The appropriate documents to be specified in the supplier's contract will depend on the complexity of the procurement. Refer to the logistics' handbook.

Depending on the delivery terms specified in the supplier's contract, final acceptance might take place in Canada or in the RC. Final acceptance may take place following delivery, assembly, and final testing or inspection of the goods. Full payment of a supplier's invoice is usually conditional on final acceptance. However, a contract may allow for progress payments to a supplier with appropriate holdbacks or supplier bank guarantees (refer to chapter 4 for more information on the use of financial securities). The contracting authority should ensure that final inspection and testing are carried out as specified in the contract and that final release of supplier holdbacks is done in a timely manner.

11.5.2 EA Responsibilities for Delivery Acceptance

An EA's responsibilities regarding delivery acceptance procedures must be clearly defined under the terms of reference in its contract, and may include the following:

- 1) ensuring any inspections and quantity verifications of goods are part of suppliers' contracts and are carried out as defined in these contracts;
- 2) issuing the necessary acceptance documents to suppliers immediately upon accepting delivery of goods;
- 3) retaining copies of acceptance documents for inclusion in handover packages. Refer to chapter 16 for handover procedures;
- 4) arranging for the quick and efficient removal of goods from the delivery point to the final destination;

11.5.3 RC Responsibilities for Delivery Acceptance

Depending upon project design, the RC may be responsible for all EA acceptance activities as described above in section 11.5.2. A RC may sometimes be nominated as a consignee even on projects where there is an EA. If a RC has been nominated as consignee, the RC is responsible for appointing a representative to accept project goods on its behalf.

11.5.4 Acceptance Checklist

An acceptance checklist is recommended to facilitate complex acceptance procedures that may involve phased deliveries, extensive inspections or testing, warranties, service and parts agreements, or the training of operators and maintenance personnel. Such a checklist would serve to identify potential deficiencies or difficulties that may affect the eventual acceptance of project goods.

11.5.5 Declaration of Acceptance

Appendix 7 has an example of a Declaration of Acceptance and a Deficiency Report.

A Declaration of Acceptance signed by a consignee and a supplier confirms that project goods have been accepted and that long-term contractual obligations such as warranties, service agreements, and training programs are in place. In some cases, a Declaration of Acceptance may be used to support the payment of a supplier's invoice and the release of any holdbacks, where these are conditional on final acceptance at the point of destination and after assembly, testing or inspection.

The signing of a Declaration of Acceptance should only take place after delivery, assembly and any final testing or inspections have been conducted. Deficiencies should be noted in a Deficiency Report appended to the Declaration of Acceptance. The contracting authority declares acceptance of the goods as delivered cleanly or with deficiencies. The supplier acknowledges either a clean delivery of goods, or any remaining obligations to correct defects or deficiencies as noted in the Deficiency Report.

Declarations of Acceptance and Deficiency Reports should be included in handover packages (refer to chapter 15).

11.6 Warranty Period

A warranty period usually does not commence until goods have been accepted at the contracted delivery point. Under certain circumstances, which must be agreed to in advance, formal handover of project goods should not take place before a warranty period is over.

11.6.1 Warranties are discussed in section 4.4.

Section 4E.25 of appendix 4E shows a sample of a warranty clause.

12 Payment Methods and Financial Control

12.1 Payment Methods

Payment methods for project goods and related services must be established in the Memoranda of Understanding (MOUs) between Canada and RCs. Project documents and any Eas' contracts must therefore be consistent with the payment methods established in the MOUs. Contracts between EAs and suppliers must also reflect these payment methods.

The basic payment methods are:

- 1) payment of suppliers directly by CIDA (refer to section 12.2); and
- 2) payment of suppliers directly by an EA (refer to section 12.3).

CIDA reserves the right to review all documents and to audit all accounts, both during and after payment, for both payment methods.

12.2 Payment by CIDA

This is the most common method used to pay. CIDA may accomplish this by:

- 1) paying suppliers on behalf of the RC or its agent(s). CIDA must issue Purchase Order Confirmations (POCs) that confirm the payment conditions in the suppliers' contract - conditions that have to be complied with before CIDA will make payments directly to the supplier. POCs are discussed in section 9.4;
- 2) paying suppliers on behalf of PWGSC. In this case no POC is required and CIDA makes payments directly to suppliers in accordance with the suppliers' PWGSC contracts; and
- 3) paying an EA, who in turn pays suppliers. This is discussed in section 12.3.

As a general rule, CIDA will only make payment upon receipt of original invoices and other such documents (e.g. inspection certificates, copies of insurance documents and proof of shipment as contracted for etc.) as are required by the contract or POC. Often, a pre-condition will be that an EA or RC's representative certify invoices before they are sent to CIDA for payment.

12.3 Payment by an EA

An EA may, in accordance with the terms and conditions of its contract, make direct payments to suppliers - either from its own funding or from advance payments (refer to section 12.5) from CIDA. When an EA pays through its own funding, CIDA will reimburse the EA upon submission of:

- 1) a copy of the contract between the EA and the supplier;
- 2) proof of payment to, and receipted invoices from, the supplier; and

- 3) any other such documents as may have been agreed upon by CIDA and the EA.

12.4 Financial Control

CIDA must keep financial records for the purposes of budgeting, project management and reporting to parliament.

When responsible for project procurement, an EA must control the procurement budget and send CIDA financial reports on a regular basis. An EA must keep an accurate record of commitments, disbursements and balances. CIDA must reconcile these accounts to ensure that project funds and any PWGSC delegation authorities are not exceeded.

As detailed in the PWGSC/CIDA MOU, when procurement is the responsibility of the Government of Canada, CIDA must maintain "Direction and Control" over any EA which it has selected to assist with the procurement process. This is normally accomplished with a detailed Procurement Plan (see chapter 3) to which CIDA has approved and/or the specific services contract under which the EA has been selected.

12.5 Advance Payments to RCs and Eas

Section 4.5 discusses CIDA's policy on advance payments. If certain preconditions exist, such as adequate financial security for payment, receipt of value commensurate to the payment, adequate funding, etc., then CIDA may make advance payments.

Advance cash payments to the government of a RC or to EAs designated by the government of the RC and agreed to by Canada for procurement of commodities, goods and services must be:

- 1) restricted to a limit of \$500,000 for each individual advance;
- 2) restricted so the total value of advances outstanding at any one time does not exceed \$1,000,000;
- 3) conditional on submission of quarterly or more frequent financial statements acceptable in form and content to CIDA, indicating disbursements made against such advance payments together with any other information CIDA may require;
- 4) in accordance with CIDA's Advance Payments Policy. Refer to section 4.5; and
- 5) limited in total to a sum not exceeding the total cost of the procurement authorized.

CIDA's project team should provide EAs with details concerning advances on a project-by-project basis.

Finally, whatever type of payment method or financial control mechanism selected should be reviewed with a Financial Management Advisor (FMA) for review to ensure compliance with the

Financial Administration Act.

13 Reporting

13.1 General

Reports are required throughout the duration of CIDA aid projects. The type, frequency and format of reports required from EAs must be specified in their contracts, and should be established at the start of a project. These reports may be required both by CIDA and Rcs.

This chapter addresses those project reports that contain procurement related issues.

13.2 Types of Reports

There are basically five types of project reports that may contain sections addressing procurement activities:

- 1) Inception Reports (Refer to section 13.3.);
- 2) Periodic or Progress Reports (Refer to section 13.4.);
- 3) Reports on PWGSC Delegated Procurement (Refer to section 13.5.);
- 4) End of Project Reports (Refer to section 13.6.); and
- 5) Exception Reports (Refer to section 13.7.).

13.3 Inception Reports

An Inception Report details how an EA intends to fulfill its mandate. A detailed Procurement Plan (refer to chapter 3) should form part of an Inception Report.

13.4 Periodic or Progress Reports

Periodic or progress reports are usually required on a monthly or quarterly basis. In addition to reporting on the progress of a project in general, these reports should include details on the status of project procurement relative to the last reporting period. Any procurement problems and solutions (either implemented or proposed) should be mentioned in these reports. Reports should set out the procurement activities and goals for the period leading up to the next periodic report.

Related to the need for periodic reports is the requirement for quarterly financial statements on the status of any advance payments given by CIDA . The statements must indicate any disbursements made against these advance payments. Refer to section 12.5 for more information on advance payments.

13.5 Reporting on PWGSC Delegated Procurement

When procurement authority has been delegated to CIDA by Public Works and Government Services

Canada (PWGSC), the procurement, whether it is conducted by CIDA itself or with assistance of an EA, is the responsibility of CIDA - CIDA is accountable. All procurement activities including the methodology, the dollar values and types of purchases made, including transportation and related services, have to be documented in order to report to PWGSC on a regular basis according to the requirements of the PWGSC/CIDA MOU. As a result of this, an EA must undertake to maintain detailed written records of the activities undertaken on CIDA's behalf.

Section 2.2.2 addresses PWGSC's goods delegation to CIDA.

Reporting requirements on PWGSC delegations are currently being reviewed by CIDA and PWGSC.

13.6 End of Project Report

At the termination of a project, an End of Project Report must be submitted to CIDA and the RC. This report should reflect the success or shortfall of each activity identified in the procurement plan, and should elaborate on experiences that might benefit future projects of a similar nature. It should also include an assessment of supplier performance, as well as an assessment of the suitability of goods and services provided. The report should also contain copies of documentation provided under acceptance and handover procedures (refer to chapters 11 and 15 for details).

Finally, an End of Project Report must confirm that all items purchased have been accounted for. Goods must be shown to have been either consumed during the project or are now in the possession of a RC designated authority. These goods may have been received directly from suppliers or given to a RC through a formal handover process. (Refer to chapter 15 for more details concerning the formal handover process).

13.7 Exception Reports

There may be instances where special or emergency reports are needed. The requirement for such a report may come from CIDA, a RC, or even from an EA who considers that a situation warrants it. This type of report usually addresses a particular subject or concern that requires immediate consideration. This may, for example, be a proposed change to a procurement plan or a loss or damage of goods during transit. Procurement activities or procedures that are different from those approved in procurement plans must be brought to the attention of CIDA for approval before any action is taken.

14 Inventory Management Responsibilities

14.1 Introduction

Responsibility for project goods between the time these goods are received from suppliers and the time that they are handed over to a RC is a major component of inventory management.

Inventory management skills will therefore have a significant impact on the success and continued sustainability of a project. Whomever has responsibility for this aspect in a project, retains accountability for the storage, use, maintenance and servicing of project goods.

CIDA historically has retained the services of an EA to assist with inventory management, but the Project Team has to recognize the importance of inventory management and ensure that proper planning and control is present within the project.

14.2 Definitions

Inventory management is the process of receiving, warehousing, controlling, maintaining, distributing and replenishing project goods.

Project goods may be separated into two categories - project management goods and project implementation goods.

Project management goods include all goods that are required to support management operations of a project, such as the field office, staff housing, etc.. Some items such as vehicles and office equipment require close attention, since they are often targets for theft.

Project implementation goods are those goods that are required for project implementation. That is, these goods are the actual deliverables of a project.

14.3 Storage Facilities

Adequate storage facilities should be established prior to receiving goods. This matter should be addressed in a project's procurement plan (refer to chapter 3).

14.3.1 Use of Existing Facilities

Although a RC may provide storage facilities and support staff, the project may still require that controls be in place for inventory management until project handover. In these instances consideration should be given to integrating the project implementation goods with the RC's own warehousing storage system.

14.3.2 New Facility

There may be times when a storage facility does not exist, the RC does not have adequate space in its own warehousing facility or the RC wishes to keep project inventory separate from its own stock. Therefore, some type of storage facility will have to be established. Assuming that no other suitable

facility is available, the project team should consider the following factors before establishing a storage facility:

- 1) permanent or temporary structure;
- 2) heating and ventilation requirements;
- 3) location;
- 4) multiple/satellite warehouses versus a central warehouse.
- 5) size;
- 6) risk of damage to goods;
- 7) security;
- 8) health and safety; and
- 9) environmental concerns.

14.4 Inventory Management

If it is decided to use a RC's storage facilities, it may be best to utilize a RC's own system of inventory management. This would facilitate project handover. Factors to consider when deciding whether to establish a new system of inventory management or to integrate with a RC's own system should include:

- 1) who is responsible for the goods ; and
- 2) the compatibility of a RC's inventory control system relative to a project's requirements.

Inventory management must also take into account the control of those items that may be consumed and would subsequently need to be replenished. Management of these items (such as spare parts or lubricants) may take into account factors such as:

- 3) budgets and cost considerations;
- 4) minimum and maximum inventory levels;
- 5) safety stock required;
- 6) reorder points (economic order quantities); and
- 7) the use of inventory control cards if more sophisticated electronic inventory control systems are impractical.

Consideration should be given to developing some kind of inventory numbering system for all items. This system should allow each unique part to be recognised and to be retrievable. In addition, product part numbers with some form of identifiers should be considered.

Whatever inventory numbering system is chosen, it should be usable by the RC.

14.5 Obtaining Goods From Stock

To enhance control and accountability, items should be requested from stores by means of a requisition. Where a separate inventory of project goods within a RC facility is maintained, the RC's requisition form(s) should be used.

Use of a requisition may also help future decisions for stock requirements by identifying users and the quantities taken out. It also serves as a record for audits.

14.6 Stocktaking

A physical count of project goods should be taken periodically. In particular, stocktaking should take place at the time of handover.

Serious discrepancies between actual stocks on hand versus recorded stock on hand should be investigated. A report summarizing the stocktaking results and advising of any corrective action should be submitted as part of project reporting.

14.7 Obsolete Stock

Stocktaking provides an opportunity to note which items have been inactive during a past period. This inactivity may indicate that these items are no longer required or that they are obsolete. Since maintaining an inventory can be a costly undertaking, efforts to reduce the number of inactive items is encouraged.

For disposal procedures of obsolete project goods, refer to section 15.8.

14.8 Reports

If the project team retains an EA, the EA may wish to establish various operational reports of assets on hand, items on order or items on back-order. CIDA need only be provided with this information on an exceptional basis.

15 Handover Procedures

15.1 General

The purpose of this chapter is to provide guidelines on acceptable procedures for transferring goods in the custody of CIDA or its authorized representative (usually an EA) to a RC.

Usually, a RC consignee assumes ownership of goods immediately upon accepting delivery from a supplier. However, if an EA has been retained to execute a project, the EA will normally be custodian of the goods needed for both project implementation and for sustaining the EA's field operations. These goods will remain under the control of an EA until such time as it is agreed to hand the goods over to a RC designated authority.

15.2 Handover Framework

Unless otherwise specified in the project MOU, all aspects of project procurement are to be subject to formal handover procedures.

The MOU must define the responsibilities of CIDA, the RC and any EA, retained by CIDA, regarding custody and handover of goods. If under exceptional circumstances handover is not appropriate, goods may be disposed of in the manner described in section 15.8.

When an EA is designated the consignee of the project goods, the EA is accountable until they have been officially transferred to the RC. The EA must determine when to hand individual items over to the RC. This must be done in accordance with the MOU. It is recommended that an EA maintain custody and control of goods for as long as needed to execute the EA's mandate. In cases where an EA will not be in a position to manage specific goods, it is recommended that these goods be immediately handed over to the RC.

Handover may be a continuous process. Some goods may require transfer to a RC immediately upon delivery. Others may be kept by an EA until the end of a project.

The handover process involves four general activities. These are planning, inventory control, preparation for handover and handover/acceptance.

15.2.1 Planning

Handover must be planned in order that it may be established in project MOUs, in any Eas' contracts and in procurement plans.

15.2.2 Inventory Control

An inventory management system will be needed to identify, locate and control project goods. Chapter 14 discusses inventory management.

15.2.3 Preparation for Handover

There are several steps leading to the signature of Handover/Acceptance Certificates (refer to appendix 8A). These include: identifying items for handover, inspecting their condition, making any necessary repairs and preparing documents for handover.

15.2.4 Handover/Acceptance

When a representative of the Government of Canada signs the handover portion of a Handover/Acceptance Certificate, Canada officially offers to transfer goods to a RC. Signature of the acceptance portion of these certificates by a RC representative officially acknowledges that the goods have been handed over to and accepted by the RC designated authority.

15.3 Handover/Acceptance Procedures

The procedures listed below outline the steps to be taken when formally handing over goods to RCs. It is recommended that EAs assume full responsibility for carrying out these handover procedures. This should be specified in EAs' contracts. However, CIDA may wish to increase its involvement in any of the following procedures:

- 1) The EA establishes and maintains an inventory list of goods in its custody. This list describes individual items by quantity, serial number, catalogue number and location;
- 2) The EA carries out any necessary inspections and tests on goods to be handed over;
- 3) The EA prepares a report for CIDA on the condition of handover items. This report should include a cost estimate for any repairs, along with recommendations on any items that the EA believes should be written off;
- 4) Subject to CIDA concurrence, a decision is made whether to repair or dispose of damaged items;
- 5) Goods that are repaired are given final inspection and tested. If found to be acceptable, they are left on the handover list. Those that are not acceptable are removed from the handover list;
- 6) The EA prepares a handover package and signs the handover portion of the Handover/Acceptance certificate. Note that the EA may only sign this certificate if authority has been delegated by CIDA in the EA's contract. Otherwise, only a CIDA representative may sign the certificate;
- 7) An exchange of letters takes place between the EA and the RC in which the EA presents the handover package and requests that the RC accept the goods by signing the acceptance portion of the Handover/Acceptance certificate; and
- 8) The EA uses the signed Handover/Acceptance certificate as authority to delete the goods in the handover package from its inventory, and if necessary, transfer the goods to the RC's

facilities.

Ideally, the EA should be held accountable for all procedures up to the signature of the handover certificate. Depending on the nature of the project, handover certificates should be signed by CIDA or the Post representative.

15.4 Activities and Responsibilities for Handover

The following sections 15.4.1 to 15.4.4 describe the specific handover related activities and responsibilities of CIDA, EAs, RCs and Canadian Posts:

15.4.1 CIDA

CIDA's handover responsibilities are normally limited to establishing the handover framework and verifying that agreed upon procedures are implemented. CIDA's activities will usually include the following:

- 1) Ensuring that the project MOU reflects the handover procedures as agreed to by the RC;
- 2) Ensuring that any EA proposal call and subsequent contract contains a description of the EA's responsibilities for handover and disposal of goods;
- 3) Reviewing and approving an EA's detailed method for executing handover or disposal activities as proposed in the EA's procurement plan;
- 4) Approving any EA reports to ensure that handover and disposal activities are in accordance with the approved procurement plan;
- 5) If necessary, reviewing draft Handover/Acceptance certificates and supporting documents prior to their presentation to a RC;
- 6) Signing Handover/Acceptance certificates, if this has not been delegated to an EA; and
- 7) Examining an EA's End of Project Report (refer to section 14.6) to confirm that all non-consumable goods have been accounted for through handover or other agreed upon means of disposal.

15.4.2 EA

An EA's handover responsibilities must form part of its contract, and will normally include:

- 1) Preparing a procurement plan that includes details on handover or disposal procedures, as well as a handover schedule;
- 2) Establishing an inventory system for project goods;

- 3) Examining the condition of goods to be handed over, reporting their condition to CIDA (and if required, to the Canadian Post) and arranging for any necessary repairs or disposal of goods (subject to CIDA concurrence);
- 4) Providing the RC with supplier addresses to allow for the ordering of spare parts, along with information (including warranty details) on the location of supplier agents who would be capable of providing future maintenance and repair services;
- 5) If necessary, providing operation and maintenance training to RC end users (refer to section 15.6);
- 6) Preparing item checklists for goods that have passed any final inspections and are ready for handover;
- 7) Preparing Handover/Acceptance certificates and submitting them along with any supporting documents (such as Declarations of Acceptance (refer to section 11.5.5)) to CIDA (or possibly the Canadian Post. Refer to section 15.4.4) for signature of the handover portion. Or, signing the certificates directly if authorized by CIDA;
- 8) Submitting Handover/Acceptance certificates to a RC designated authority in order to obtain the RC's signature for formally accepting the goods and any spare parts;
- 9) Distributing copies of the signed Handover/Acceptance certificates to CIDA and the RC;
- 10) If necessary, arranging the transfer of goods and any spare parts to the RC's facilities;
- 11) As part of project reporting, informing CIDA and the Canadian Post of events relating to handover by providing details on specific handover exercises and advising of any delays or problems;
- 12) As part of the End of Project Report to CIDA , provide an accounting for all project goods, including any spare parts, as being handed over, disposed, or consumed; and
- 13) Deleting from the EA's own inventories any goods and spare parts handed over to the RC.

15.4.3 RC

A RC's handover responsibilities must form part of the project MOU. These responsibilities will normally include:

- 1) Appointing a representative in the MOU to accept responsibility for project goods. This representative would be responsible for signing the acceptance portion of Handover/Acceptance certificates;
- 2) Authorizing any mutually agreed upon (between CIDA and the RC) means of disposing of project goods. Refer to section 14.8; and

- 3) Providing any operation and maintenance training to end-users.

15.4.4 Canadian Post

A CIDA representative of the Canadian Post may be designated to monitor a project. If so, it would be necessary for the Post to be kept informed of the project's status by an EA. It may also be required that the Post assist an EA in obtaining RC acceptance of goods. CIDA may also nominate the Post as its representative to sign the handover portion of Handover/Acceptance certificates.

15.5 Warranty

When purchasing project goods, an EA should include in supplier contracts any need for warranty certificates. These certificates should indicate warranty periods and the firms that will be responsible for honouring warranties and providing spare parts. These firms may be the suppliers themselves, manufacturers or local agents.

If an EA is considering handing goods over prior to warranty expiration, suppliers' contracts and warranty certificates should specify that warranties are transferable to RC designated authorities.

If warranties are still in effect at the time of handover, EAs should advise RCs accordingly. This would involve advising RCs of their obligations with respect to meeting warranty conditions. EAs should include warranty certificates as part of handover documentation packages.

Warranties are discussed in section 4.4, and in appendix 4A.

15.6 Training

Any training requirements must be taken into consideration in the procurement plan (refer to section 3.5) and when scheduling formal handover.

Training programs should be designed not only to train operators and maintenance personnel on equipment being handed over, but also to qualify local training staff that will in turn be capable of training local personnel. EAs' and RCs' responsibilities for training, if any, must be defined in MOUs and in EA contracts.

15.7 Documentation

Handover/Acceptance certificates are to be used whenever handover occurs. A sample Handover/Acceptance certificate is in appendix 8A.

As well, the following forms are in appendices to this chapter. They should be attached to Handover/Acceptance Certificates when appropriate:

- 1) A Handover Checklist (refer to appendix 8B) describes all items covered by individual Handover/Acceptance certificates. It provides details on quantity, item locations, condition

and references to any spare parts. It also specifies any support documents (such as Declarations of Acceptance, as shown in appendix 7) that are being provided with the goods. A Handover Checklist must always be attached to Handover/Acceptance certificates;

- 2) A warranty certificate (refer to section 15.5) and warranty checklist (refer to appendix 8B) should be given if an item is still under a supplier's warranty;
- 3) An equipment checklist (refer to appendix 8B) should be provided;
- 4) A spare parts and tools checklist (refer to appendix 8B) should be provided if spare parts are included;
- 5) A manuals (operator, maintenance and spare parts) checklist (refer to appendix 8B) should be provided; and
- 6) A training checklist (refer to appendix 8B) should be provided.

15.8 Disposal of Project Goods

It is critical that the means and responsibilities for disposing of project goods be specified in a project's MOU.

Usually, a MOU will stipulate that all goods purchased to execute a project will be handed over to a RC by project end. Sometimes however, a RC may not be prepared to accept certain goods because it may be responsible for paying import duties and taxes for them. Or, it may be that a RC does not have the infrastructure required to maintain an appropriate inventory. If these situations occur, a means of disposing of project goods should be specified in the MOU.

One such situation may be when goods are to be turned over to an EA on another project. The EA transferring the goods would sign a Transfer certificate (a sample of which is in appendix 8C), and the new EA would sign the acceptance portion. The new EA would become custodian of the goods, pending disposal of the goods as agreed to in the other project's MOU.

The new EA's contract should be amended, if necessary, to reflect this additional responsibility. Transfer certificates are very similar to Handover/Acceptance certificates, except that the signatories are EAs, and not CIDA and the RC. They would, however, contain the same information as Handover/Acceptance certificates.

When possible, it is preferred that "disposed" goods be transferred to another CIDA project. If that is not an option, the goods may be sold through public tenders or auction. Funds from the proceeds may be returned to CIDA's project account or to the Receiver General for Canada.

Authority to dispose of project goods through any of these alternative methods must be through a formal exchange of letters between CIDA and the RC.

Appendix 1

Contracting Authorities when Procuring Goods for Aid

1.1 Goods Contracting Authorities of PWGSC

The Government Contracts Regulations provide that the Minister of Public Works and Government Services Canada, may without seeking approval of the Treasury Board:

- 1) enter into a goods contract if the amount payable under the contract does not exceed \$2,000,000 for a non-competitive bid or \$20,000,000 when at least two valid bids have been received and the lowest bid has been accepted; and
- 2) increase the amount payable under a goods contract by a total amount not exceeding \$1,000,000 if a non-competitive situation applies and \$5,000,000 if competitive;
- 3) PWGSC authority under MERX is: \$40 M - Contract and \$20 M - amendment.

1.2 CIDA Goods Contracting Authorities with Delegation from PWGSC

CIDA may, without seeking approval of the Treasury Board:

- 1) enter into a goods contract if the amount payable under the contract does not exceed \$40,000 for a non-competitive bid, or \$400,000 when at least two valid bids have been received and the lowest bid has been accepted; and
- 2) increase the amount payable under a goods contract by \$40,000 if a non-competitive situation applies and \$200,000 if competitive situation applies.

Executing Agencies and Purchasing Agents acting on behalf of CIDA are limited to the above contracting authorities when procuring goods under the authorities delegated by PWGSC.

1.3 Goods Contracting Authorities of Recipient Country

The Treasury Board Contracting Manual provides the RC with the following goods contracting authorities:

- 1) Competitive:

Goods: \$8 million for entry - \$4 million for amendments
Fertilizers: \$6 million including amendment
- 2) Non-Competitive:

Goods: \$2 million for entry - \$1 million for amendments
Fertilizers: \$40 thousand for entry - \$40 thousand for amendments

Any proposed contracts in excess of these amounts require Treasury Board approval. Note that EA's retained by the RC are also limited to the above contracting authorities when procuring goods.

Note: CIDA is reminded that, when the nature of the project (goods, services, line of credit) is over \$100,000, branches will have to seek the Minister's approval to use a RC process and will have to mention the percentage of untied aid being considered. When this is done, the RC may enter directly into a service contract, a goods contract, a fertilizer contract or a construction contract. Once the approval to use a RC contracting process is obtained, it will not be necessary to have each transaction approved. CIDA must encourage RC to ensure the integrity of the selection process.

**Appendix 2A
List of Materials for Approval (LMFA)**

PURCHASE ORDER DESCRIPTIONS

Project Title: _____ MODE: 1. Price Comparison: < \$2,500
 Country: _____ 2. Obtain min. 2 quotes: \$2,500 <
 \$25,000 Project Number: _____ 3. ITT or RFP: > \$25,000
 Contracting Officer: _____ 4. Non-competitive
 Del. Ref. Number: _____
 Amount of Delegation: _____ SOURCE: RC: Recipient Country
 Fiscal Year: _____ C : Canada
 Total disbursed to date: _____ O : Other Country
 Firm's name: _____
 LMFA number: _____
 Date: _____
 Total Value of this LMFA: _____
 Total Value of Previous LMFAs: _____

PO Group No.	Purchase Order Description	Total PO Value CDN\$	Procurement Mode	Justification if Non-Competitive	Activity No.

CIDA CONCURRENCE:

Date:

Appendix 2B - LMFA

DESCRIPTION OF ITEMS WITHIN PURCHASE ORDER GROUP

Purchase Order Group No. and Description	Item No.	Item Description	Quantity	Estimated Unit Cost CDN. \$

Appendix 3A

EA Procurement Report

Report No: _____	Procurement Mode:	1. Price Comparison
Report Date: _____		2. Written Quotations
LMFA Reference No.: _____		3. Sealed Tenders
		4. Sole Source (provide justification)
Project Title: _____	Source:	RC: Recipient Country
Country: _____		C: Canada
Project No.: _____		O: Other Country (specify)
Procurement Officer: _____		
Del. Ref. No.: _____		
Amount of Delegation: _____		
Reporting Amount: _____		

Item No. on LMFA	Purchase Order No.	Purchase Order Description	Total Purchase Order Value	Proc. Mode	Justify Sole Source

Appendix 3B

EA Procurement Report

DESCRIPTION OF ITEMS WITHIN PURCHASE ORDER GROUP

Page ____ of ____

Purchase Order Group	Item No.	Item Description	Quantity

Appendix 4A

Bid Guarantees and Performance Bonds

4A.1 Bid Guarantees

The following provides a sample of both the wording that may be used to request a bid guarantee and a bid guarantee itself:

Each Bid must be accompanied by a Bid Guarantee in the form of a ____ (1) ____ issued by a Canadian Bank/ Insurance Company in the amount equal to ____ (2) ____ of the total amount of the Bid.

Bid Guarantee shall be in the form attached hereto, completed without erasure.

The Bid Guarantee of unsuccessful bidders will be returned within days after Bid opening."

- (1) The terms Tender Guarantee, Bid Bond and Tender Bond are synonymous;
- (2) Specify percentage.

4A.2 Performance Bonds

The following provides a sample of both the wording that may be used to request a performance bond and a performance bond itself:

"The successful Bidder is required to post a Performance Bond in favour of the purchaser to an amount representing ____% percent of the value of the Contract."

Example of a Performance Bond (note that each bonding company has its own form of performance bond. It is advised to verify the content of the bond):

"BY THIS BOND WE ____ (the Supplier) ____ hereinafter called "the Supplier" and _____ (Chartered Bank Name or Bonding Company) _____ hereinafter called "the Surety" are held and firmly bound unto the _____ (Body Awarding the Contract (B.A.C.) _____, in the sum of _____ (amount in figures and currency and in words) _____ for the payment of which sum the Supplier and the Surety bind themselves their successors and assigns jointly and severally by these presents, and notwithstanding any contestation by the Supplier.

SEALED with our respective seals and dated this _____ day of 20__ .

WHEREAS the Supplier by an Agreement signed between ____ B.A.C. ____ of the one part and the Supplier of the other part have entered into a Contract to provide _____, by Contract No. _____ in conformity with the provisions of the said Contract.

NOW THE CONDITION of the above-written Bond is such that if the Supplier shall duly perform and observe all the terms, provisions, conditions and stipulations of the said Contract on the

Supplier's part to be performed and observed according to the true purport, intent and meaning thereof or if on default by the Supplier declared in writing to the Surety by ___B.A.C.____ the Surety shall satisfy at sight on first demand and discharge the liquidated damages claimed by ___B.A.C.____ thereby up to the amount of the above written Bond, then this obligation shall be null and void but otherwise shall be and remain in full force and effect, but no alteration in the terms of the said Contract made by Agreement between ___B.A.C.____ and the Supplier or in the extent or nature of the to be provided there under, and no allowance of time by ___B.A.C.____ under the Contract nor any forbearance or forgiveness in or in respect of any matter or thing concerning the said Contract on the part of ___B.A.C.____ shall in any way release the Surety from any liability under the above written Bond.

The Surety will accept the written declaration of default by ___B.A.C.____ and the Bond paid at sight in accordance with it notwithstanding any claims or demands from, or objections by, or court order or injunction obtained by, the vendor or any party whatsoever.

The Bond shall be and remain irrevocably in full force until the ___ day of 20xx.

It shall be and remain irrevocably in full force after the above date until such time that ___B.A.C.____ will notify in writing the Surety that it can be withdrawn, when requested to do so in writing and accepting to satisfy such request.

IN WITNESS whereof the respective Seals and signatures of the Supplier and the Surety are hereunder affixed:

Legal Seal
and Signature (Supplier)

Legal Seal
and Signature (Surety)

Appendix 4B

Sample Covering Letter

The sample covering letter presented in this appendix is for illustrative purposes only.

Date:

Attention:

Re: ___(1)___

You are invited to submit a Tender/Bid/Quote for the provision of supplies and related services required for the ___(2)___ by ___(3)___, ___(4)___.

The project consists of _____.

The equipment and material required are _____.

Tenders/bids/ quotes will be accepted up to (date - time - place) in accordance with the attached instructions to bidders.

Any inquiries should be directed to _____.

Yours truly,

_____(5)_____

- (1) Tender/bid/quote title and project number;
- (2) Name of project;
- (3) Name of purchaser in full;
- (4) Name of city and country of purchaser; and
- (5) Signature, name and address of originator.

Appendix 4C

Instructions to Bidder

Instructions that appear in this appendix are not always necessary. Conversely, this list of instructions is not exhaustive and may not satisfy all requirements. It is incumbent upon the author of the BSDs to ensure that the BSDs are adequate for the intent and purposes of the project.

4C.1 Introduction

The ___(1)___ has initiated a project for the ___(2)___ . The project includes ___(3)___ that will be used for the ___(4)___.

(1) Name of purchaser; (2) Brief description of project; (3) General requirements of project; and (4) Purpose and desired result.

4C.2 Object of Bid Solicitation Documents (BSDs)

The project for which these BSDs are issued involves the supply of material, equipment and related services as described in the attached technical specifications, see: ___(1)___ and bills of materials and prices, see: ___(1)___.

(1) Refer to applicable articles in the BSDs.

4C.3 Interpretation of BSD Clauses

If a bidder is in doubt as to the true meaning of any part of the BSDs or wishes to obtain supplementary information, he should request such information from _____ at ___(address)___ not less than ___(1)___ days prior to the bid closing date. Interpretations will be issued by formal addenda to the BSDs. Each addendum issued will be sent to all holders of BSDs.

(1) Usually 30 calendar days prior to bid closing date

4C.4 Confidentiality of BSDs

Bidders should not divulge to any person or persons any information relating to the project before and during performance of the work.

4C.5 Method of Bidding

Bids shall be prepared in ___(language)___ . All blanks in the various forms shall be filled in ___(Typing/Block letters)___.

All copies shall include the full legal name and address of the bidder and shall be signed by the bidder or his duly authorized representative. The name of the signatory shall be typed or printed

below the signature. All pages of the bid document and appendices must be initialled.

The bidder shall complete each and every document in the Bid. Incomplete bids will not be accepted.

_____ copies of the Bid and appendices filled in identically shall be submitted to the purchaser; one shall be marked "Original" and the others marked "Duplicate". _____ copy (ies) will be forwarded to CIDA.

All bids shall include a Canadian content form; however, on those copies of the forms being submitted, the bidder shall complete Part 7 only. Only the copy(ies) sent to CIDA shall have the Canadian content form completed in its entirety.

Bids shall be enclosed in double cover. The inner cover must be sealed and marked as follows:

BID NO _____.

BID TITLE _____

TO BE OPENED ONLY ON ___(date)___ AT ___(time & place)___
_____(in public/not in public)_____

The bid, original with copies, must be delivered or sent by registered post to:

Bids received after closing time shall not be considered and will be returned unopened.

The bid to be forwarded to CIDA shall be addressed to:

Bids may be withdrawn or modified only by written (registered mail), fax or telegraphic notice received ___days___ prior to the date and time for receipt of bids.

4C.6 Bid Guarantee

Each bid must be accompanied by a bid guarantee in the form of a ___(1)___ issued by a Canadian Bank in the amount equal to ___(2)___ of the total amount of the bid.

The bid guarantee shall be in the form attached hereto (___(3)___) completed without erasure. The bid guarantee of unsuccessful bidders will be returned within ___ days after bid opening.

- (1) The terms Tender Guarantee, Bid Bond and Tender Bond are synonymous;
- (2) Specify percentage; and (3) See appendix 4A of chapter 4 for an example of a bid bond.

4C.7 Information to be Submitted with Bid

Bids shall include specific details, data and information as required by the bid solicitation documents, such as the following:

- 1) specifications
- 2) drawings
- 3) catalogues
- 4) training manuals
- 5) maintenance manual

Elaborate on these requirements, and if necessary refer to appropriate articles in the BSDs.

4C.8 Validity of Bid

A bid shall remain valid for acceptance for a period of ____ days from the date of opening. During this period the bid may not be modified or withdrawn.

Note that the period of validity of bids is normally 90 days from the date of opening.

4C.9 Costs and Expenses of Bidding

All costs, expenses or losses incurred by the bidder in connection with the preparation and submission of the bid shall be borne by the bidder.

4C.10 Evidence of Capability

The ____ (purchaser)____ requires verifiable evidence from the bidder to prove capability to supply the required materials/equipment and carry out the contract successfully. Bidders who cannot show such capability may be rejected.

Note that in special circumstances, bidders may be asked to submit basic financial information, including a copy of a recent financial statement.

4C.11 Bidder's Experience

Bidders shall make known their experience in manufacturing and shipping equipment for similar types of projects. The information shall include:

- 1) name of project
- 2) country and year of project
- 3) name of purchaser
- 4) type of equipment
- 5) approximate amount of contract
- 6) other relevant information.

4C.12 Availability and Costs of Additional Spare Parts and Services

The ability of bidders to provide spare parts and services in addition to those described in the BSDs for a period of years will be considered when evaluating bids. Bidders shall:

- 1) attest to their capability to provide these spare parts and services;

- 2) advise on time required to fulfill purchase orders;
- 3) describe the method of shipment; and
- 4) outline difference in prices from those shown in the schedule of prices for tender items.

4C.13 Pricing

Prices must be quoted ___(1)___, ___(2)___, ___(3)___.

Bids shall be submitted with all individual items fully priced to equal the total price entered in the bid.

- (1) Show type of currency. The purchaser usually requests prices in Canadian dollars. In cases where prices are to be quoted in a foreign currency, the prices should be converted to Canadian dollars based on the exchange rate of the date on which the bid is submitted. The purchaser should designate the source of the exchange rate to be used.
- (2) Show the term of shipment (INCOTERM 2000), i.e. CIF, FAS, FOB, etc.
- (3) Identify clearly the port or point of delivery.

4C.14 Sales Taxes and Customs Duties

The buyer certifies that the goods ordered hereby are for export. The invoiced price shall exclude Provincial sales taxes, federal sales and excise taxes on goods manufactured in Canada, and refundable customs duties on imported parts or components incorporated in the final product.

Consequently, prices shall be quoted free of provincial and federal sales taxes, and free of any customs duties on imported parts or components.

4C.15 Payment

Subject to CIDA issuing a purchase order confirmation, payments will be made by CIDA directly to the suppliers in accordance with the terms of payment in the contract for shipments made under Project No. ___(1)___ upon presentation of the documents listed below:

___(2)___ photocopies of the original clean "on board" ocean bill of lading, ___(2)___ original(s) of the supplier's invoice, ___(2)___ supplier's packing list(s), ___(2)___ certificate(s) of origin, ___(2)___ insurance certificate(s), ___(2)___ others as required.

- (1) CIDA Project Number;
- (2) Insert required number of copies.

4C.16 Bid Opening

Bids will not be opened prior to the date and time specified.

Bids will be __ (1) __ at __ (2) __ on __ (3) __ at hours.

- (1) State whether bid will be opened publicly or not;
- (2) The address at which opening will take place;
- (3) The date and time of opening.

4C.17 Bid Evaluation

If a special section concerning bid evaluation has been included, this article should refer to it. Refer to chapter 8 for details.

4C.18 Delivery Schedule

The bidder shall indicate the delivery dates in the delivery schedule.

4C.19 Award of Contract

The successful bidder shall be notified of award of contract as soon as practicable after acceptance of the bid. All unsuccessful bidders will also be notified at that time.

The purchaser reserves the right to accept or reject any or all bids, in whole or in part. The lowest bid will not necessarily be awarded a contract.

Note that the contract must be awarded within the validity period stated in the bid.

A purchase order confirmation by CIDA to the suppliers is required when CIDA is to effect payment directly to the suppliers.

4C.20 Contract and Purchase Order Confirmation (POC)

A copy of the successful bid shall be forwarded to CIDA by __ (purchaser) __ at the same time as it is dispatched to the successful bidder.

Specifications and conditions contained in the contract shall be consistent with specifications and conditions contained in the bid solicitation documents and agreed to by the successful bidder in the quotation.

CIDA will review the contract and, if found acceptable, issue to the supplier(s) a purchase order confirmation (POC) attesting to CIDA's responsibility to effect payment directly upon receipt of the required documents __ (1) __ .

- (1) Refer to the article listing the required documents.

It is advisable to discuss this subject with CIDA prior to using this article in the BSDs.

4C.21 Canadian Content

The Canadian content forms herewith included, which are a part of the BSDs, must be completed as per instructions.

Appendix 4D

Bid Documents to be Submitted

The bid documents that appear in this appendix are not always necessary. Conversely, this list of documents is not exhaustive and may not satisfy all requirements. It is incumbent upon the author of the BSDs to ensure that the BSDs are adequate for the intent and purposes of the project.

4D.1 Covering Statement

To: ___(Purchaser)___
_____(Address)_____

From: ___(Bidder)___
_____(Address)_____

Attention: _____

1) Having examined the BSDs consisting of the following:

we the undersigned offer to ___(design / manufacture or provide)___ , the type of ___(material/equipment/ service)___ to be shipped ___(destination)___ as attached to Bid No. ___ for ___(total amount of bid in Canadian dollars in figures and words)___, as determined in the Bill of Materials and Prices, appendix ___ to this bid.

2) To ensure our compliance with the terms of this bid, we enclose herewith a bid guarantee in the form of ___(certified cheque or bond)___ in the amount of ___ % percent of our bid price to remain in effect for the period of bid validity.

3) We agree that this bid shall remain valid for a period of days from the date of bid opening.

4) We have examined the contents of these BSDs and we have accepted all the provisions and terms noted therein (except as noted in our bid).

5) We understand that ___(purchaser)___ is not obliged to accept the lowest bid or any bids received.

6) If our bid is accepted during the period of bid validity, we will enter into a contract with ___(purchaser)___ and provide a performance guarantee with sureties in accordance with the provisions of the BSDs.

7) If our bid is accepted by ___(purchaser)___, we undertake to design, manufacture and deliver the material/equipment/service in accordance with the delivery schedule in appendix.

8) We have completed the Canadian content form in accordance with the instructions and declare that the Canadian content is ___% percent.

9) One (or more) copy of the bid, including a Canadian content form with lines 1 to 8 completed, has been forwarded to CIDA.

(Signature of Witness)

(Signature of Supplier)

Date: _____

4D.2 Special Stipulations

1) Special stipulations (1);

(1) Describe the special stipulations. If special stipulations are part of an appendix to the BSDs, insert applicable clause or appendix.

2) Amount of bid guarantee;

3) Amount of performance guarantee;

4) Warranty period years from date of acceptance;

5) International sanctions

6) Others stipulations as necessary.

4D.3 Delivery Schedule

Bidders shall mark in the column "Bidder's Delivery Date" the date on which they will deliver the items indicated.

ITEM NO.	QUANTITY REQUIRED	DESTINATION	REQUIRED DELIVERY DATE	BIDDERS DELIVERY DATE

The purchaser shall complete all columns except the last one.

4D.4 Equipment Data

The bidder shall provide data for the equipment. They shall include:

- 1) manufacturer's name;
- 2) catalogue number;
- 3) weight;
- 4) drawing number;
- 5) grade of material to be used;
- 6) standard

Note that this list may require more information.

4D.5 Canadian Content Form

This form CIDA-ACDI 66 (01-88) is available from the purchaser.

4D.6 Suppliers Undertaking

Bidders are to complete and sign the following undertaking.

"THIS AGREEMENT MADE THIS day of, between ___(1)___, (hereinafter called "__(2)___") of the one part and whose address is ___(hereinafter called "the Supplier")___, of the other part,
WHEREAS

__(2)___ is desirous that certain supplies, as specified in Tender number dated should be provided and delivered and has accepted a Bid by the Supplier for the design, manufacture, testing and delivery of said equipment.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

- 1) In this agreement words and expressions shall have the same meaning as are respectively assigned to them in the General Condition of the BSDs.
- 2) The following documents shall be deemed to form and be read and construed as part of this Agreement:
 Bid Document, including Appendices thereto: Performance Bond, Special Conditions, Environmental Conditions, General Conditions, Technical Specifications, Instructions to Bidders, Addenda Numbers
- 3) In consideration of the payments to be made by CIDA to the Supplier as hereinafter mentioned, the Supplier, hereby covenants with ___(2)___ to provide and deliver equipment/materials in conformity in all respects with the provisions of the Contract.

4) Upon receipt of this Agreement CIDA will review it and, if acceptable, issue to the Supplier a Purchase Order Confirmation attesting to CIDA's responsibility to effect payment to the Supplier in consideration of the delivery of the equipment/materials, the Contract price as determined in accordance with the provisions of the Contract at the time and in manner prescribed by the Contract.

IN WITNESS whereof the parties hereto have caused their respective Common Seals to be hereunto affixed the date and the year first above written.

The Common Seals of (3) were hereunto affixed in the presence of:

The Common Seal of ____ (Purchaser) ____
as hereunto affixed

SEAL

____ (signature of Purchaser) ____

____ (signature of Witness) ____

The Common Seal of ____ (Supplier) ____

was hereunto affixed

SEAL

____ (signature of Supplier) ____

____ (signature of Witness) ____ "

- (1) Name of purchaser in full; (2) Abbreviation for name of purchaser;
- (3) Abbreviations for names of purchaser and supplier

4D.7 Form of Performance Bond

The successful bidder is required to post a performance bond in favour of the purchaser to an amount representing ____% percent of the value of the contract.

A sample performance bond can be found in appendix 4A.2.

Bonding companies have their own form of performance bonds. It is advisable to verify that their content satisfy CIDA's requirements.

Appendix 4E General Terms and Conditions

The general terms and conditions that appear in this appendix are not exhaustive and may not satisfy all requirements. It is incumbent upon the author of the BSDs to ensure that the BSDs are adequate for the intent and purposes of the project.

4E.1 Definitions

Terms used in bid and contract documents and other documents and correspondence shall have the definitions assigned to them in this article unless the context requires other meanings

- 1) **Approved:** means approved in writing, including subsequent written confirmation of previous verbal approval.
- 2) **Award:** means the notification to a bidder of acceptance of a bid or tender.
- 3) **Bid Bond:** means a bond given to guarantee entry into a contract.
- 4) **CIDA:** means the Canadian International Development Agency.
- 5) **Contract:** means the signed contract between the purchaser and the supplier as evidenced by the contract documents.
- 6) **Day:** means a calendar day.
- 7) **Drawings:** means all drawings, plans, sketches and maps issued with the specifications or subsequently provided for.
- 8) **Equipment:** means all materials, commodities, articles and things to be supplied under the terms of the tender.
- 9) **Firm (fixed) price:** means that the total amount payable is a fixed lump sum or is an amount determinable in accordance with the fixed unit prices as agreed to in the contract.
- 10) **Fixed unit price:** means that the total amount payable for each of the items of goods delivered is a fixed amount in accordance with the terms of the contract.
- 11) **Performance bond:** means a surety bond that is given to guarantee completion of the work in accordance with the terms of the contract.
- 12) **Plant:** means all tools, implements, machinery, vehicles, buildings, structures, articles and things required for the manufacture and installation of equipment.
- 13) **Progress payment:** means a payment made under the terms of a contract after the performance of the part of the contract in respect of which the payment is made but before

the performance of the whole contract.

- 14) **Purchaser:** means the purchasing organization or firm representing.
- 15) **Recipient Country:** means (insert name of the country).
- 16) **Suppliers:** means, whether in the singular or plural, the party or parties with whom the purchaser has contracted for the supply of equipment.
- 17) **Tender:** means a bid or offer that is submitted in response to an invitation from a contracting authority/purchaser.
- 18) (Others as deemed necessary)

4E.2 Completion Time

The suppliers shall organize and schedule the manufacturing so as to comply at all times with the contract delivery schedule as set forth in the specifications.

4E.3 Interpretation of Contract Documents

The suppliers shall direct to (purchaser) all questions concerning interpretation that may be required as to the meaning and intent of any provision in the contract or in any document forming part thereof and the suppliers shall be solely liable for any costs and expenses arising from failure to obtain such explanations.

4E.4 Successors and Assigns

The contract shall be binding upon and shall ensure to the benefit of the parties hereto and their executors, administrators, successors and assigns.

4E.5 Assignment of Contract

Neither the contract nor any part thereof may be assigned without the written consent of (purchaser) and the agreement of CIDA.

An EA should refer to its own contract to clarify the extent the recipient country's involvement in the assignment of contracts.

4E.6 Subcontracting by Suppliers

Suppliers shall not, without having obtained the written consent of (purchaser):

- 1) subcontract or assign the work or any part thereof;
- 2) substitute any subcontractor in place of a subcontractor designated in the bid;

- 3) permit any subcontract to be assigned or transferred or allow it to be performed by anyone other than the original subcontractor.

The concurrence of CIDA and the recipient country concerning this subject must be obtained prior to action being taken.

4E.7 Publicity

All publicity releases or advertising dealing with the project and contract shall be cleared with (purchaser) and CIDA. The suppliers shall require all subcontractors (if applicable) to adhere to this requirement.

4E.8 Introduction to Specifications

The specifications detailed herein are intended as minimum requirements. Any specified requirement may be modified to comply with standard equipment and ratings normally offered by the bidder, provided such deviations from the specifications do not result in decreased reliability, decreased capacity or decreased ease of maintenance. The purchaser shall note modifications in the bid for review and approval.

Acceptance of the bid or approval of any or all deviations from the specifications does not release the supplier from the obligation to comply with the minimum requirements detailed in the specifications or any part thereof.

All details of the equipment as specified shall be complete. The equipment shall be properly functioning in accordance with the intent of the specifications.

The bidder shall supply literature and drawings showing the technical details and specifications of the equipment being offered. Outline drawings and sketches showing overall dimensions, weights and equipment arrangements shall also be provided with the bid.

Note that the General and Technical Specifications follow this article.

4E.9 General Specifications

These specifications apply to all items:

_____ (1) _____

(1) Give details on the following:

- 1) standards by which the equipment/material must be designed, manufactured and tested;
- 2) need for waterproofing;
- 3) instructions for packaging and crating;
- 4) restrictions in weight and volume for ease of transportation;

- 5) type and colour of paint;
- 6) requirements for testing;
- 7) details on installation, erection and commissioning;
- 8) need for maintenance and service;
- 9) details on special tools and accessories;
- 10) details on stamping, tagging and marking.

4E.10 Technical Specifications

Items should be named with detailed descriptions. As applicable, catalogue numbers should be referenced. Items should also be referenced in the bill of materials and in the delivery schedule.

The required characteristics and performance specifications of the items should be described.

For certain pieces of equipment, it may be necessary to include diagrams, drawings or sketches with the written specifications.

A table such as what is shown below helps to organize the requirement on an item by item basis:

ITEM REFERENCE NUMBER	NOMENCLATURE Or DESCRIPTION	REQUIREMENTS SPECIFICATIONS

4E.11 Specifications and Drawings

Manufacturing shall be executed in strict conformity with the specifications and/or drawings and the suppliers shall do no work without proper drawings, specifications and instructions. The __ (purchaser) __ shall furnish the suppliers, free of charge with copies of all drawings and specifications reasonably necessary for the suppliers to carry out the work.

Specifications and/or drawings are intended to complement each other, so that if anything is shown in the drawings but not mentioned in the specifications, or vice versa, it shall be of like effect as if shown or mentioned in both. In case of discrepancies between drawings, those of larger scale, and of these, the latest version shall govern. If any errors, omissions or discrepancies are discovered in the figures, drawings and/or specifications, or if any of the drawings or specifications shall appear to the supplier to be indefinite and unclear, the same shall be referred to ____ (purchaser) ____ whose written confirmation, correction or explanation shall be obtained before proceeding with the work.

If the drawings conflict with the specifications in any particular, the suppliers shall apply to __ (purchaser) __ for explanations.

Note that detailed specifications conforming to Canadian standards (or other recognized international

standards) should be included. In cases where items have been designed for the project, drawings will be required. If appropriate, a statement might be included to the effect that equivalent substitutions will be considered provided complete specifications and descriptions are forwarded to the purchaser.

4E.12 Certificate of Compliance

Copies of certificate of compliance as required by the specifications, such as mill certificates called for in the CSA and/or ANSI Standards or equivalent are to be submitted.

Where a certificate of compliance is not called for by the specification, but the engineer specifies a minimum requirement, a certificate shall be supplied as if the specification had called for it.

For standard stock items, a responsible technical representative of the suppliers shall sign the manufacturer's certificate of material.

Note that when an independent firm carries out inspection and testing, a certificate from that firm is required.

4E.13 Quality Control, Inspection and Testing

All work covered by the project and the inspection thereof by the suppliers, shall be subject to surveillance and/or further inspection by the purchaser or the purchaser's authorized representative for which purpose the suppliers (and sub-suppliers) shall:

- 1) allow access at all reasonable times during manufacture to the premises in which the work is being carried out;
- 2) demonstrate to the purchaser's satisfaction that the work meets the requirements of the contract;
- 3) print on the face of all orders to sub-suppliers the following notation: "This order is subject to surveillance and/or further inspection by the purchaser or his duly authorized representative during and after manufacture";
- 4) deliver equipment only after purchaser's authorized representative has been notified and release of equipment has been obtained;
- 5) at his expense, correct or replace rejected equipment and material all to the satisfaction of the purchaser; and
- 6) furnish promptly without additional expense all facilities, labour and construction plant necessary for any inspection and tests that may be required by purchaser. All inspections and tests shall be carried out in such manners that the work will not be delayed unnecessarily.

Waiving of surveillance or acceptance of equipment by purchaser's representative shall not relieve suppliers from the responsibility of furnishing equipment and workmanship in accordance with the

contract.

Note that the requirements for and methods of inspection normally include who will carry out inspections, when and where inspections will take place and the procedure to be taken when items are found to be faulty or do not meet specifications.

4E.14 Faulty or Defective Equipment

The suppliers, upon notification in writing from the purchaser, shall promptly remedy and replace and make good in conformity with the contract, any equipment and material, which, in the opinion of the purchaser, becomes defective or faulty or is found to be not in accordance with the contract.

4E.15 Operating and Maintenance Manuals

Operating manuals shall be provided in ____ copies. Maintenance manuals shall be provided in ____ copies. Manuals shall be in the _____ language.

4E.16 Time Extension

If by reason of any event which has caused or may cause delay which was (a) reasonably beyond the control of either party of the contract and (b) was not reasonably ascertainable by such party at the time the contract was entered into, the suppliers shall within __ (days)__ after commencement of such cause give written notice of such cause and may request an extension of time within which to complete delivery of the equipment or any portion of it. The request shall state the reasons for the delay and the amount of additional time the suppliers consider necessary. If __ (purchaser)__ considers the claim to be valid, __ (purchaser)__ may grant whatever extension of time __ (purchaser)__ considers reasonable, without prejudicing __ (purchaser)__ rights or in any manner affecting the validity of the contract. Failure to give __ (purchaser)__ such written notice shall be deemed sufficient reason for a denial for an extension of time. Both parties shall use their best efforts to remove all causes of interruption or delay in the work, insofar as each is able to so do.

4E.17 Modification to Contract

The _____ (purchaser) _____ may at any time without invalidating the contract or any performance bond given and without notice to the sureties make modifications, deductions or alterations to the contract, and may require the suppliers, after negotiation, to perform extra work. Such changes require the concurrence of CIDA and the Recipient Country.

Note that if the above paragraph is used, the wording of the performance bond would have to be such that it would not be effected by the changes mentioned. Bidders should be made aware of this before obtaining suitable performance bonds.

A statement as to who shall bear the costs of such changes or modifications should also be included. Normally, it is the purchaser.

4E.18 Material and Labour

Suppliers shall, at their own expense, furnish all material and perform all labour necessary for the manufacture, fabrication, testing and delivery of the equipment, subject to the approval of the purchaser.

Suppliers shall warrant and guarantee that the work will be of the best quality and in accordance with the contract in every particular.

Equipment supplied shall be new and conform to the requirement as determined by the purchaser.

All material supplied shall conform to the standards specified or equivalent recognized standards as approved by purchaser.

Note that this article is necessary when the equipment is not "off the shelf" or of recognized design and standard.

4E.19 Relations with Sub-Suppliers

Nothing contained in the contract documents shall create any contractual relationship between CIDA and the recipient country and a sub-supplier.

Suppliers shall be held responsible to the purchaser for any acts and omissions of sub-suppliers.

4E.20 Suppliers' Representative

Suppliers shall make available to the purchaser the services of a competent technical representative with the authority to make technical decisions, to provide the necessary liaison between the purchaser and the suppliers, and to ensure compatibility of technical specifications and drawings.

Note that this clause should be included only when a large quantity of complex technical equipment is involved.

4E.21 Suppliers' Liability

Suppliers shall indemnify, protect and save harmless the purchaser, his officers, agents, servants, and employees from and against all actions, claims and demands in consequence of injury or damage to any persons or property whatsoever, arising out of ___(1)___ except injury or damage resulting from the negligence of the purchaser. Expenses incurred therewith are charged to the suppliers.

Unless otherwise specifically specified in the contract, the equipment shall be and remain at the risk of the suppliers until such time as the purchaser has accepted it.

(1) Define responsibilities and circumstances

4E.22 Termination of Contract

The purchaser shall have the right, upon written notice to suppliers, to terminate the contract as to all

or any part or parts not completed. Such termination shall be effective in the manner specified in the notice and shall be without prejudice to any claims which the purchaser may have against the suppliers.

In receipt of such notice, suppliers shall, unless the notice directs otherwise, immediately discontinue work and the placing of orders for materials, equipment and services. Suppliers shall, if requested, make every reasonable effort to cancel all existing orders or sub-contracts upon such additional terms as are satisfactory to the purchaser.

Upon such termination it is agreed that:

- 1) The obligations of suppliers shall continue as to bona fide obligations assumed prior to date of termination; and
- 2) The purchaser will pay to suppliers the sum of the following as full compensation under the contract:
 - 1) the value of the equipment and services performed to the satisfaction of the purchaser prior to such termination less payments previously made to suppliers; and
 - 2) any expenses which, in the opinion of the purchaser were necessitated by the cancellation of the contract or part thereof.

The suppliers shall provide for termination of sub-contracts and supply contracts on terms whereby (a) termination may be arranged on short notice and at minimum expense and (b) no allowance shall be made for loss of profits. No compensation shall be payable to suppliers for obligations which in the purchaser's reasonable opinion were incurred by suppliers through failure to obtain such termination provisions.

Note that this is an article of consequence in a BSD and should be carefully worded. The legal aspect of this article may raise serious objections from suppliers.

4E.23 Patents

The suppliers shall indemnify the purchaser against claims, actions, suits and proceedings for infringement or use of any patent based upon the use of any invention protected by such patent in carrying out the contract and for royalties or other payments resulting which may be payable in connection with the contract only. The supplier shall conduct the defence of such claims, actions, suits or proceedings, so long as such defence is diligently conducted, and the supplier shall keep the purchaser promptly and fully informed of the bringing of such claims, actions, suits or proceedings, and of the steps taken or which ought to be taken in the prosecution or defence thereof accordingly.

The suppliers shall not contract for the performance of any part of the work herein contracted without imposing similar obligations on any sub-suppliers so employed.

4E.24 Liens

Before making final payment, the purchaser may require the suppliers to furnish evidence

satisfactory to the purchaser that every person, firm and corporation, who has registered or is entitled to register a lien for work or service required to be performed, and material required to be furnished or placed, pursuant to the contract or any subcontract, has either been paid in full, or has waived their right to register a lien, or by reason of lapse of time has lost their right to register a lien, or that arrangements satisfactory to the purchaser have been made for the payment thereof.

If any lien remains unsatisfied after all payments due the suppliers are made, and/or final acceptance is certified, the suppliers shall refund to the purchaser all moneys that the latter may be compelled to pay in discharging such a lien, including all costs and attorneys' fees.

4E.25 Warranty

The suppliers shall warrant and guarantee that the equipment and material are in accordance with the specifications in every particular.

The suppliers, upon notification in writing from the purchaser, shall promptly remedy and replace and make good in conformity with the contract any item or part which in the opinion of the purchaser, becomes defective or faulty or is found to be not in accordance with the contract and provided such defect, fault or non-compliance with the contract appears within (state period) of final acceptance, unless some other period is set forth in the specifications.

Any item or part thereof made good under the warranty shall be guaranteed to the same extent and for the same period as the original.

If the defects are not promptly remedied by the suppliers satisfactorily, the purchaser may proceed to perform the necessary repair or replacement, and the costs thereof shall be payable forthwith by the suppliers to the purchaser.

4E.26 Disputes

It is advised that legal advice be obtained when writing this article:

If any dispute or difference arises concerning the interpretation or application of the contract, or after the determination of a breach thereof, it shall first be referred by either party to ___(1)___ for a decision. If ___(1)___ fails to render a decision in writing within 90 days, or if either party is not satisfied with (1) decision, the dispute shall be settled by arbitration upon written notice by either party.

(1) Name organization

4E.27 Force Majeure

The term Force Majeure as used in the contract shall mean any contingencies or causes beyond the control of the purchaser and the suppliers or either of them and which could not be foreseen and which prevent either or both of them from wholly or partly performing any of their duties or obligations under the contract.

Force Majeure will include but not be limited to any of the following:

- 1) war, revolution, insurrection or hostilities (whether declared or not);
- 2) riot, civil commotion or civil uprising (other than among the suppliers' personnel);
- 3) earthquake, flood, tempest, hurricane, lightning or natural disaster;
- 4) any fire of major proportions, or explosion;
- 5) epidemic; and
- 6) strike, lockout, or other industrial disturbance.

If there occurs an event constituting Force Majeure, the suppliers or the purchaser shall give written notice of the occurrence to the other party within 15 days of the occurrence or as soon thereafter as is practicable, including a statement describing the effect of such occurrence upon the performance of the contract.

The above clause is a partial example and as such, specific legal advice should be obtained when writing this article in full.

4E.28 Bribery

If it is proven that the supplier has, or by means of another person, paid directly or indirectly a bribe to a Canadian government official or ___(1)___ or employees who have any connection with the contract, or if it is proven that this has been attempted, the contract shall be immediately terminated, the performance guarantee drawn upon, and the appropriate proceedings instituted.

(1) Insert name of recipient country and any other agencies, firms or organizations which are involved with awarding contracts for the project.

Note that CIDA shall be informed of all cases of bribery.

4E.29 Fraud

If it is proven that the supplier has falsified any record or made a false declaration so as to obtain the contract, receive extra payment or to avoid any obligation under the contract, including a false declaration as to Canadian content, the contract shall be terminated, the performance guarantee drawn upon and the appropriate proceedings instituted.

Note that CIDA shall be informed of all cases involving fraud.

4E.30 Terms of Payment

Payments, when made by CIDA, will be in Canadian dollars as follows: ___(1)___

(1) As a minimum this article should include INCOTERMS 2000 (FAS, FOB, etc.) and the percentage of holdback etc. (if any) until final acceptance or end of warranty.

Note that this article affects the cash flow of suppliers. It should be clearly worded.

4E.31 Lobbyist Certification

Suppliers will be required to certify the following:

"Any contract resulting from this request shall require a certification that the contractor has not paid or agreed to pay a contingency fee for the solicitation, negotiation or obtaining of this contract to any person other than an employee of the contractor."

4E.32 Applicable Law

The law governing any contract awarded as a result of this bid shall be that of Canada and the supplier's specific province unless otherwise agreed.

Appendix 4F

Special Terms and Conditions

The special terms and conditions that appear in this appendix are not exhaustive and may not satisfy all requirements. It is incumbent upon the author of the BSDs to ensure that the BSDs are adequate for the intent and purposes of the project.

4F.1 Delivery and Liquidated Damages

The supplier shall deliver the equipment and material specified under the contract ___(1)__. The delivery schedule is shown in _____ appendix.

If the supplier fails to deliver on schedule, he may be assessed ___(2)___ .

- (1) Detail type of shipment, INCOTERM 2000, etc.
- (2) Specify the liquidated damages and the conditions for such an assessment. If liquidated damages are assessed, they must bear a relationship to the actual loss that would be suffered. Liquidated damages are not to be used as a penalty.

4F.2 Reports

The supplier will submit a master-manufacturing schedule for the project within ___ days of the signing of the contract in ___ copies to ___(purchaser)___ with copies to _____.

Thereafter the supplier will provide monthly progress reports in ___ copies until the project is completed.

These reports shall be prepared at the close of each calendar month and shall be forwarded not later than days after the close of the reporting period.

Reports shall show the progress in designing, manufacturing, testing and shipment of the various items included in the contract.

Note that a format of the type of report required (if any) may be included as an appendix. The recipient country and CIDA are to be included in the distribution list.

4F.3 Insurance

The goods referred to in this contract shall be covered by ___(1)___ .

The insurance policies shall cover the goods during ___(2)___ to ___(3)___ .

The supplier shall submit proof of insurance to the purchaser not later than ___ days prior to

shipment.

- (1) Type of insurance(s); (2) Period of coverage, i.e. transportation, storage, etc.;
- (3) Conditions and point where supplier's responsibility ends.

4F.4 Packaging and Marking

Preparation for shipment shall be as specified in the bid documents.

The supplier is responsible for the preparation of packaging all equipment in such a manner as to protect it from damage and loss in transit.

The supplier will use the method of packaging specified in the bid documents. The supplier may suggest the use of a superior or equivalent method, in which case the approval of the purchaser is required.

Marking shall be as follows:

See chapter 11 for details on packaging, crating and marking.

4F.5 Shipping Documents

The supplier shall effect shipment(s) as indicated in the delivery schedule, and shall prepare and send shipping documents as follows:

Before shipment: _____

Upon shipment: _____(1)_____

After shipment: _____(1)_____

- (1) List documents, number of copies, names and addresses of recipients.

4F.6 Packing List

Packing lists shall include the following information:

- 1) commercial invoice numbers;
- 2) package numbers;
- 3) contents of each package relating them to item no. of commercial invoice;
- 4) net and gross weight in ___(1)___ of each package;

- 5) volume in ___(1)___ of each package;
- 6) net and gross weight of total shipment in ___(1)___ ;
- 7) volume of total shipment in ___(1)___ ; and
- 8) other information as necessary.

(1) Specify unit of measure

4F.7 Price Adjustment

Prices quoted shall remain firm for shipments made within ___(months/years)___ from the date of contract signing.

For shipments made more than ___(months/years)___ from the date of contract signing, the supplier has the option of quoting firm prices for all shipments using an escalation formula to adjust prices upward or downward for changes in labour and material costs.

If shipment is delayed beyond contract shipping date, price adjustment will be based on ___(1)___.

(1) Specify the formula to be used. Any such formula must be cleared with the RC and/or CIDA.

4F.8 Training

Training will be conducted in accordance with the training specifications outlined in the bid documents.

4F.9 Environmental Conditions

The material and equipment supplied for this project will be located in ___(1)___ . The supplier is fully responsible for ensuring that the design and manufacture of all equipment and material takes into account all relevant climatological, environmental and geographic factors appropriate to these locations, to ensure a satisfactory service life of years.

The following environmental factors are supplied: ___(2)___ .

- (1) Name city, country, where equipment will be located;
- (2) List the environmental factors that may affect the operation of the equipment. For example:
 - 1) operating conditions;
 - 2) temperatures (maximums and minimums, yearly average);

- 3) any occurrences of sand storms, hurricanes, earthquakes;
- 4) rain (yearly average);
- 5) barometric pressure (monthly);
- 6) relative humidity;
- 7) atmospheric conditions; and
- 8) wind velocity (average and maximum).

The supplier must indicate any environmental conditions that may affect the goods or equipment being supplied.

Appendix 5

Decision/Recommendation for Contract Award

(Confidential when completed)

CIDA Project No.: _____

Name of Project: _____

Bid for the Provision of: _____

Recipient Country: _____

1) Introduction

- 1) short description of project;
- 2) names of firms invited to bid;
- 3) date of issuance of RFPs or Tenders;
- 4) date of opening of bids; and
- 5) names of firms which have submitted bids.

2) List of Evaluators

Names, qualifications, and roles in the evaluation process.

3) Evaluation Procedures

A brief description of the evaluation procedure.

4) Results

Show the evaluation grid.

In a narrative form, present the comments of the evaluation team for each bid. The comments should cover each requirement and include the score it has received.

Disqualified bids should be listed, along with the reasons for disqualification.

5) Findings

Summarize (preferably in a chart or a table) the findings by the evaluation team.

6) Recommendation

The name of the recommended bidder is given, or another course of action (e.g. to reject all bids and re-issue new solicitations with modified specifications and/or terms) is presented for decision.

Name of Chief Evaluator: _____

Signature of Chief Evaluator: _____

Date: _____

Witness: _____

**Appendix 6A
RFP for SOAs**

The following sample contains some of the basic terms required for a bid solicitation for a SOA. It is for illustrative purposes only, and is not exhaustive. A complete sample of a bid solicitation can be found in appendices 4B to 4F.

Sample RFP for a SOA:

From: ____ (Name of Purchasing Firm) ____

Invitation Date: _____

To: ____ (Name of Supplier) ____

Closing Date: _____

Direct all enquiries to: _____

YOU ARE REQUESTED to submit an offer to supply the goods and related services listed below, and on any attached sheets, upon the terms and conditions set out herein. Note that the Purchaser will be under no obligation to purchase any of the goods and related services listed.

1) ORDERING INSTRUCTIONS: When ordering, the Purchaser will call-up goods and related services against a resulting Standing Offer Agreement (SOA) by issuing a purchase document, as per the attached specimen (see appendix 6B), signed by an authorized officer of the Purchaser, showing:

- 1) specific quantities and description of requirement, including packing instructions;
- 2) required delivery point, date, and routing; and
- 3) price or pricing basis.

The purchase document shall constitute an acceptance of the standing offer. (Note that if CIDA will be required to pay the Supplier directly, add: "which shall become effective upon issuance by CIDA to the Supplier of a Purchase Order Confirmation (POC) as per specimen in Attachment").

2) LIMITATION OF EXPENDITURE:

- 1) The cumulative value of all call-ups against the resulting SOA shall not exceed _____\$. The SOA is subject to the condition that the Purchaser shall not be bound to order any of the goods and related services offered in the SOA.
- 2) The value of any single call-up shall not exceed _____\$.

3) INVOICING:

The Supplier shall invoice the Purchaser for each delivery made against a call-up.

Alternatively, where CIDA has agreed to pay the Supplier directly, the Supplier shall invoice CIDA, sending a copy to the Purchaser.

4) REPORTS:

The Supplier will be required to maintain running records of all call-ups and deliveries against a resulting SOA, and advise the Purchaser when the aggregate value of call-ups has reached ___% of the value of the SOA shown in 2(a).

5) TERM OF OFFER:

Any resulting SOA shall remain valid for ____ months from the SOA award date.

The Supplier will be required to honour all call-ups issued against a SOA within this term, subject to Section 6 - Withdrawal.

6) WITHDRAWAL:

The Supplier will have the right to withdraw the SOA upon giving ___ days notice in writing of its intention to do so. In that event, the Supplier will honour all call-ups issued up to the date of withdrawal.

Appendix 6B

Sample Call-up Against a SOA

The following sample call-up is for illustrative purposes only:

STANDING OFFER NUMBER: _____ CALL-UP NUMBER: _____

FROM: _____

DATE: _____

TO: _____

YOUR STANDING OFFER REFERRED TO ABOVE HAS BEEN ACCEPTED AS FOLLOWS:

YOU ARE REQUESTED TO SUPPLY THE GOODS AND/OR SERVICES SHOWN BELOW IN ACCORDANCE WITH THE PRICES OR PRICING BASIS AND OTHER TERMS AND CONDITIONS STATED IN THE STANDING OFFER.

SHIP TO: _____

SEND INVOICE TO: _____

ROUTING INSTRUCTIONS: _____

DELIVERY REQUIRED BY: _____

Item No.	Stock No.	Item Description	Qty.	Unit Measure	Unit Price	Extended Price

TOTAL: _____

For further information, call: _____

Authorized Signature: _____

PLEASE ACKNOWLEDGE RECEIPT OF THIS CALL-UP.

Appendix 7

Declaration of Acceptance

The following is an example of a Declaration of Acceptance:

PROJECT NAME: _____

PROJECT NO.: _____

SUPPLIER'S NAME: _____

CONTRACT NO.: _____

DESCRIPTION OF GOODS: _____

CERTIFICATION

As the authorized agent of the contracting authority responsible for accepting delivery of goods against the above-mentioned contract, I hereby declare that all items on the attached list of goods have been provided in good order and in accordance with the terms and conditions of the contract and hereby accept delivery as complete;

_____ Without exception or deficiencies.

_____ With exception or deficiencies, as indicated on Attachment "A". It is recommended that \$ _____ be withheld from payment until these differences have been rectified to the satisfaction of the contracting authority.

Given this ____ day of _____ 20__ in _____ in the city of _____

_____ Country _____

Signed _____

Contracting Authority Authorized Agent/Inspector

Acknowledgement

The supplier acknowledges the content of this Declaration of Acceptance to be correct.

Dated _____ 20__

Signed _____

Supplier's Authorized Representative

Attachments: List of Goods, Deficiency Report

Distribution: 2 originals to CIDA and 1 each to RC, Contracting Authority and Supplier

List of Goods

Quantity (No. of Items, Volume or Weights)	Item (Serial or catalogue nos., nomenclature and brief description of each item as appropriate. For commodities, insert grade or specification)

The following is an example of a Deficiency Report:

PROJECT NO.: _____

CONTRACT NO.: _____

Quantity	Item	Cost	Deficiency (refer to notes)

Total Value of Deficiencies: _____ \$

Supplier's Obligation

The Declaration of Acceptance does not relieve the Supplier of his contractual obligation to correct the above-mentioned defects and deficiencies.

I acknowledge the above list Certified correct. as correct.

Signed _____ Signed _____

Supplier's Representative

Authorized Inspector/Agent

NOTE: For each item for which a deficiency is identified, insert a reference to a note which describes the deficiency, the action to be taken and by whom and the date the deficiency will be corrected.

Appendix 8A

Handover/Acceptance Certificate

The following is an example of a Handover/Acceptance Certificate:

PROJECT NO. _____

PROJECT NAME _____

DESCRIPTION (of project and its aims) _____

ACKNOWLEDGMENT

On behalf of the Canadian International Development Agency, and without prejudice to the rights of Her Majesty in right of Canada, I hereby acknowledge and witness the signing of this Certificate.

(Signatory) for the Canadian International Development Agency (CIDA)

ACCEPTANCE

Subject to the ___(Agreement)___ between the Government of Canada and the Government of _____ dated _____ 20___, I hereby acknowledge to have received the _____ described in the attached Handover Checklist.

Given this _____ day of _____ 20__ at ___(City and Country)_____

(Signatory)

For the Government of _____

(Signatory)

For the Government of Canada

Handover Checklist attached.

Distribution: Recipient Country, CIDA

Appendix 8B

Handover Checklist

PROJECT NAME _____

PROJECT NO. _____

SUPPLIER'S NAME _____

CONTRACT NO. _____

DESCRIPTION _____

Goods are as listed in the attached Equipment Checklist and other support documents (Declarations of Acceptance).

Spare parts and tools have been provided as shown in the attached Spare Parts and Tools Checklist.

Warranties have been provided as shown in the attached Warranty Checklist.

Operator, maintenance, and instruction manuals have been provided as shown in the attached Manuals Checklist.

Training of operators and maintenance personnel is completed (or will commence) as shown in the attached Training Checklist (when applicable only).

(Authorized Inspector/Agent)
Contracting Authority

Equipment Checklist

PROJECT NO. _____

Item	Quantity	Serial Number	Location	Deficiencies (if any)*

Remarks: ____ (For any remedial actions) ____

* List "N/A" if item is in accordance with supplier contract, or refer to an attached note if

deficiencies exist.

Spare Parts and Tools Checklist

PROJECT NO. _____

Only those tools that form part of a vehicle or piece of equipment are to be listed in this attachment.

Item	Quantity	Serial Number	Location	Deficiencies (if any)*

Remarks: ____ (For any remedial actions) ____

* List "N/A" if item is in accordance with supplier contract, or refer to an attached note if deficiencies exist.

Warranty Checklist

PROJECT NO. _____

Items Under Warranty	Responsibility (name and address of firm honouring warranty)	Date Warranty Begins	Date Warranty Ends	Deficiencies (if any)*

Remarks: (For any remedial actions)

* List "N/A" if all warranties are in effect or have been provided. Otherwise, insert a note to describe any remedial action.

Manuals Checklist

PROJECT NO. _____

Operator Manuals

Title	Quantity	Language	Deficiency

Maintenance Manuals

Title	Quantity	Language	Deficiency

Training Manuals

Title	Quantity	Language	Deficiency

Remarks: (For any remedial actions)

Training Checklist

PROJECT NO _____

Operators

Course	No. of Trainees	Start Date	End Date	Deficiency

Maintenance Personnel

Course	No. of Trainees	Start Date	End Date	Deficiency

Remarks: ____ (For any remedial actions) ____

Appendix 8C

Transfer Certificate

The following is an example of a Transfer Certificate:

PROJECT NO. _____

PROJECT NAME _____

DESCRIPTION (of project and its aims) _____

ACKNOWLEDGMENT

On behalf of ___(name of EA that is transferring custody goods)___, I hereby acknowledge and witness the signing of this Certificate.

(Signatory) for EA that currently has custody of goods

ACCEPTANCE

Subject to the ___(Agreement)___ between the Government of Canada and the Government of _____ dated _____ 20___, I hereby acknowledge to have received the _____ described in the attached Handover Checklist.

Given this _____ day of _____ 20__ at ___(City and Country)_____

(Signatory) Name of EA Receiving Goods

Handover Checklist attached (same format and attachments as in Appendix 8B)

Distribution: Recipient Country, CIDA, And Both EAs

Appendix 9

Letter of Guarantee

To: _____

Date _____

Guarantee No _____

Attn.: _____

Amount _____

Expiry date: _____

Dear Sirs,

At the request of ___ (Company's Name)___, ___ (the Customer)___, the ___ (Name of the bank)___, ___ (the "Bank")___, for valuable consideration, the receipt of which is hereby acknowledged by this Letter of Guarantee (the "Guarantee") irrevocably and unconditionally guarantees payment at sight, at first demand, to you, by the Bank, of a total amount of _____ \$ Canadian dollars.

This Guarantee shall remain in effect up to and including, but not after ___ (the "Expiry date")___.

This Guarantee is issued as a bid bond (Note: can also be used for an advance payment) of ___% of the contract price, covering contract Nr. _____ and _____.

A payment under this Guarantee shall be made on or before the Expiry Date upon your presenting the following to the Bank at its ___ (identification of Bank's Branch)___, located at ___ (Branch's location)___:

- 1) Your written demand for payment referring to the above number and stating the amount demanded, without necessity of any explanation or justification,
- 2) This Guarantee.

Upon receipt by the Bank at the said branch of the said demand and the other document referred to above on or before the expiry date, the Bank shall pay to you, at sight, the amount stated in the said demand to be payable to you by way of the Bank's draft without enquiring whether you have a right to such amount as between yourself and the Customer, and regardless of the objections or the opposition of the Customer, provided that such amount together with other amounts paid to you under this guarantee, if any, does not exceed in the aggregate the amount of this guarantee.

The Bank may note on this Guarantee the amount and date of any payment made to you under this guarantee and shall retain this Guarantee only if aggregate amount of this Guarantee has been paid to you or the expiry date has occurred.

Yours truly,

The Customer
(Authorized signature & Seal)

The Bank
(Authorized signature & Seal)

Guarantee Nr _____

Appendix 10

Glossary

This Glossary applies to terms commonly used in materiel management and the procurement of goods and associated services.

Users of these guidelines are advised to refer to INCOTERMS (2000 Edition) published by the International Chamber of Commerce for additional definitions of trade terms, rights and responsibilities of suppliers and buyers, during transportation, loading, unloading, warehousing, etc. It is pointed out that special provisions in individual contracts between parties will override anything provided in the rules shown in the INCOTERMS 2000 publication.

In addition, executing agencies may find it useful to consult a publication of the Canadian General Standards Board: "Glossary of Material Management Terms", CAN/CGSB-116.1-90 (June 1990) and the Glossary of Materiel Information Management Terms for The Canadian Government (March 1993) prepared by Treasury Board.

This Annex presents an alphabetical listing with definition for terminology related to Material Management from a project related procurement contracting perspective.

Following each definition is the cross-reference term in the other official language.

Acceptance of Tender: A communication in any form giving notice of acceptance of a tender constitutes a valid contract effective at the date of notification of acceptance provided the offer is definite and acceptance of the tendered offer is explicit and complete. A teletype acceptance of an offer is legally considered on an oral contract, subject to the laws in effect at a point of the Teletype. (Acceptation de soumission)

Accountable Advance: Advance funds provided for a specific purpose and chargeable to the appropriation for the service in respect of which the advance is made. (Avance comptable)

Ad Valorem (according to value): Ad valorem is usually applied to a customs duty charged upon the value only of goods that are dutiable, irrespective of quality, weight, or other considerations. The ad valorem rates of duty are expressed in percentages of the value of the goods, usually ascertained from the invoice. (Ad valorem, selon la valeur)

Advance Payment: A payment made under the terms of a contract before the performance of that part of the contract in respect of which the payment is made. (Paiement anticipé)

Advice of Shipment: A notice sent to a purchaser advising that shipment has gone forward and usually containing details of packing, routing, etc. (Avis d'expédition)

Agent: One acting for another (a principal) in dealing with third parties. (Agent)

Approved Source List: A list of firms that can supply specific goods and services and are approved

on the basis of the suitability of their facilities and capabilities both technical and financial. (Liste de fournisseurs accrédités)

Back Order: The undelivered part of a previous order that the vendor agrees to ship later. (Arrière de commande)

Bid: An offer (written or verbal) submitted in response to an invitation from a contracting authority. A bid is considered to be valid if it meets all of the requirements stipulated in the invitation. (Soumission)

Bid Set or Package: The data identifying the material or service to be purchased, the quantity, delivery rate, and including designs, specifications, quality requirements, and general conditions which will govern the contract resulting from acceptance of a bid. (Dossier d'adjudication)

- Bond:**
- 1) A Bid Bond is a written agreement or check to guarantee entry into a contract. This bond is to indemnify against increased costs if the bidder does not carry out its undertaking to enter into a contract. (Garantie de soumission).
 - 2) A Payment Bond is a written agreement or check to guarantee the payment for labour to be given or services to be rendered or materials to be supplied in connection with a contract. This bond is a surety bond to indemnify with respect to the payment of persons performing labour or supplying services or materials. (Garantie de paiement).
 - 3) A Performance Bond is a written agreement or check to guarantee the performance of a contract. This bond is to guarantee completion of the work in accordance with the terms of the contract. (Garantie d'exécution)

Buyer's Option: The privilege of buying a commodity, security, merchandise or other property within a given period of time, usually at a price and under conditions agreed upon in advance of the actual sale. A seller may require a buyer to pay for an option. (Option d'achat)

Call Up: A requisition or a request for delivery which is forwarded directly to a supplier to obtain delivery of materiel off and in accordance with the terms of a standing offer or a previously negotiated contract. (Commande subséquente)

Canadian Post/Mission: A term to mean the Canadian Embassy, Consulate, High Commission or Technical Mission accredited to a recipient country. (Mission ou poste canadien)

Cannibalize: To remove usable parts from an item of equipment, as an alternate means of procurement. (Cannibaliser)

Cataloguing: The whole range of work that has to be performed by the cataloguing agency in identifying, classifying, describing and stock numbering an item of supply. Cataloguing may or may not include the actual compilation and publishing of printed manuals, catalogues or handbooks. (Catalogage)

Ceiling Price: The maximum price that is to be paid to the contractor is established in the contract and the contractor will not receive additional compensation beyond this amount for the defined work. In such cases both parties agree prior to the award of the contract that the price may be subject to downward revision based on a pre-established payment formula. (Prix plafond)

Certificate of Compliance: A supplier's certification to the effect that the supplies or services in question meet certain specified requirements. (Certificat de conformité)

Certificate of Origin: A document identifying the origin of imported goods. (Certificat d'origine)
Commissioning: The bringing of a facility or piece of equipment to an operational state. (Mise en service)

Commodity: Raw material, or material having sustained only primary transformation, which is identified by contents, physical nature, or characteristics. (Produit de base)

Consignee: The person to whom goods are shipped. (Destinataire)

Contract: A contract is a deliberate engagement, i.e. an accepted offer, between competent parties upon a legal consideration to do or abstain from doing some act. It is essential to the creation of a contract that the parties intend that their agreement shall have legal consequences and be legally enforceable. (contrat) The essential elements of a contract are:

- 1) an offer and an acceptance of that offer;
- 2) the capacity of the parties to contract;
- 3) consideration to support the contract;
- 4) a mutual identity of consent or consensus ad idem;
- 5) legality of purpose; and
- 6) sufficient certainty of terms.

Contract Amendment: An agreed addition to, deletion from, correction or modification of a contract. (Modificatif contractuel)

Contracting Authority: A term used to mean the department, organization, firm, agent or consultant mandated to do procurement and provide associated services on behalf of the Government of Canada or the recipient country. Based on the terms of its contract, it has the final authority to accept or reject goods. (Autorité contractante)

Contractor: One who contracts to perform work or furnish materials in accordance with a contract. (Entrepreneur)

Customs Duties: Customary taxes, tolls, or duties levied upon goods that pass a frontier, generally upon goods imported. (Douane)

Customs Tariff: A schedule of charges assessed by a government on imported goods. (Tarif douanier)

Deficiency List: A listing agreed to by the supplier and the contracting authority of identifiable items (and related services) which have been delivered incomplete, are in need of repair or replacement and require corrective action in order to make them acceptable to the contracting authority. (Liste des défauts)

Delivery: The transfer of possession. Delivery takes place when the goods are placed under the control of the person who has to receive them. Alternatively, the presence of the goods at the seller's place of business, ready to be delivered, and the purchaser notified, may be termed a delivery.

Demurrage: A charge allowed in freight tariffs, or by contract, assessed against a consignor, consignee, or other responsible person for delays to transportation equipment in excess of "free-time" for loading, unloading, re-consigning, or stopping in transit. (Surestarie)

Design Authority: The component of the customer department or its delegated agency responsible for determination of design parameters. (Responsable de la conception)

Drawback: (Duty) A refund of customs duties paid on material imported and later exported. (Drawback)

Embargo: An order issued by a carrier, carriers, or their agent, or by a government, prohibiting the acceptance of freight, in any kind or of a specific nature, for shipment generally applying to certain areas, or to and from particular points and resulting from congestion, labour troubles, etc.; in marine usage, a detention of vessels in port; a prohibition from sailing. (Embargo)

Equipment: Major items of materiel that are not expendable except through depreciation or wear and tear and which, although they may be fixed or positioned in prescribed places, do not lose their identity or become integral parts of other equipment or installations. Items in this category are normally susceptible to running maintenance. (équipement)

Equivalent Item: Items are equivalent when, without actually being identical, they have sufficient in common as to be capable of being used for the same purpose. (Articles équivalents)

Expendable Items: Materiel that is expended or consumed in use and for which no records are maintained after final issue or direct issue. Examples: Builder's supplies, printing and stationery, petroleum, oil and lubricants, cleaning materials, non-repairable maintenance spare parts, food, crockery, glassware, medical supplies, etc. (Articles non durables)

Fair Market Value: The value of an item as determined by negotiation between buyers and sellers and which value would be acceptable as a basis of a purchase and sale. (Juste valeur marchande)

Financial Administration Act (FAA): An act of Parliament to provide for the financial administration of the Government of Canada, the audit of the public accounts, and the financial control of Crown Corporations. (Loi sur la gestion des finances publiques)

Financial Limitation: The limit of expenditure allowed under a contract. (Limitation financière)

Firm Offer: A definite proposal to sell something on stated terms, such offer binding the proposer

up to stipulated time of expiration. (Offre ferme)

Fixed Unit Price: The total amount payable is the product of the number of identical units of work performed or identical items delivered, multiplied by a predetermined fixed price for each unit or item. (Prix unitaire fixe)

Freight: A class name for all merchandise, products, or commodities shipped by rail, water, highway, or air other than baggage, express, or mail. (Marchandise)

Freight Forwarder: A commercial organization which acts as agent for a shipper and/or a consignee arranging carriage and documentation of merchandise to be transported. (Transitaire)

Government Contract Regulations: Regulations relating to government contracts as enacted by the Parliament of Canada under authority of P.C.1975-2042 dated August 1975, as amended by P.C. 1987-1355 dated June 1987, (SOR 87-402). (Réglement concernant les marchés de l'état)

Holdback: A pre-determined progress payment or a certain percentage of the gross cost amount, held back from payment to the supplier, until certain corrective actions have been accomplished to the satisfaction of the contracting authority. The holdback is identified in the contract and agreed to by both parties. (Retenue)

Incoterms 2000: Internationally standardized definitions setting out the rights and responsibilities of exporter and importer regarding the arrangements and payment for the delivery of goods in international sales. (Incoterms 2000)

Inspection: Activities such as measuring, examining, testing, gauging one or more characteristics of a product or service and comparing these with specified requirements to determine conformity. (Inspection)

Insurance: A contract of indemnity whereby one party (the insurer) undertakes to indemnify the other (the insured) against damage or loss, on a specified subject by specified perils in consideration of a payment received (a premium). The instrument by which the contract is entered into is called the policy. (Assurance)

Inventory Control: The control of material by means of established materiel accounting and management methods and procedures. (Gestion des stocks)

Invitation For Bids: A request, verbal or written, which is made to prospective suppliers for their quotation, tender or offer on goods or services desired by the prospective purchaser. (Demande de soumissions)

Invoice: A document showing the character, quantity, price, terms, nature of delivery, and other particulars of goods sold or of services rendered and for which payment is requested. (Facture)

Just In Time: A logistics approach designed to result in minimum inventory by having material arrive at each operation just in time to be used. (Methode de production au moment adéquat)

Liquidated Damages: A genuine pre-estimate of the loss that will be caused to one party if the other breaks the contract. It constitutes the amount, no more and no less, that the plaintiff is entitled to recover in the event of breach without being required to prove actual damages. (dommages intérêts conventionnels)

Logistics: The management of all inbound and outbound materials, parts, supplies and finished goods. Logistics consist of the integrated management of purchasing, transportation and storage on a functional basis. On a channel basis, logistics consist of the management of the pre-production, in-production, and post-production channels. The term logistics should be distinguished from physical distribution in that the latter normally applies to only the post-production channel. (Logistique)

Lump Sum: The price agreed upon between vendor and purchaser for a group of items without a breakdown of individual values; a lot price. (Somme globale)

Maintenance: (Materiel) All action to retain materiel in a serviceable condition or to restore it to serviceable condition or to restore it to serviceability. It includes inspection, testing, servicing, classification as to serviceability, repair, rebuilding, and reclamation. (Maintenance)

Manufacturer: A manufacturer is one who controls the design and production of an item or who produces an item from crude or fabricated materiel or who assembles materials or components with or without modification, into a more complex item. A manufacturer may be an individual, company, firm or corporation. (Fabricant)

Marine Insurance: Insurance against loss or damage to property while in transit by water. (Assurance maritime)

Marshalling: Operations of receiving, crating or repackaging, warehousing and shipping of material at a central point and maintaining complete documentation of all transactions such as receiving slips, packaging slips, and shipping notices. (Répartition)

Material Handling: Is the conveying, elevating, positioning, transporting, in process packaging, and storage of materiel. (Manutention de matériel)

Material Life Cycle: The phase through which material assets pass including: Assess and plan material, acquisition, operation, use and maintenance and disposal. (Cycle chronologique du matériel)

Material(s) Management: A concept of operation that systematically integrates horizontally related material functions, commencing with the determination of material needs and culminating in the delivery of finished products. It consolidates the responsibility for the functions of purchasing, production and inventory control and physical distribution to optimize efficiency by achieving the least total material cost. (Gestion du matériel)

Milestone Payment: A method of making a progress payment which relates to a measurable/defined

item or work package for which a price can be assigned with a good probability that such assigned price will turn out to be within reasonable limits of predictive accuracy for the value of the work. (paiement d'étape)

Negotiation: The process of reaching agreement between buyer and seller on the terms and conditions of a contract. (Négociation)

No Substitute: A requisition specifying no substitute is one in which the originator describes the product by brand name or model number or by using a restrictive specification, and states that a substitute product is not acceptable. (sans substitution)

Overhead: Indirect expenses or burden; one of many terms given to expenses which are incurred in the production of a commodity or the rendering of a service, but which cannot conveniently be measured by unit of production or service (Frais généraux).

These expenses are sometimes classified as:

- 1) manufacturing overhead,
- 2) selling and distributive overhead, and
- 3) administrative and general overhead.

Packing: The application or use of shipping containers and the assembling or consolidation of items or packages therein, together with necessary blocking, bracing, cushioning, weatherproofing, exterior strapping, and consignee address markings. Packing standards will vary depending on whether a shipment is intended for domestic or export addresses. (Emballage)

Packing List or "Packing Slip": A statement prepared by the shipper, not required by carrier, to show merchandise packing particulars. A copy is usually sent to the consignee to assist in checking the shipment when received. (Bordereau d'expédition)

Probity: Uncompromising adherence to the laws, regulations and policy imperatives concerning government contracting. (probité)

Procurement: The process of obtaining goods and services that includes the determination of requirements and acquisition from a supply system or by purchase from the trade. (Approvisionnement)

Progress Payment: A payment made under the terms of a contract after the performance of the part of the contract in respect of which the payment is made but before the performance of the whole contract. (Paiement échelonné)

Proposal: A tender, bid or offer which may be either unsolicited or submitted in response to an invitation from a contracting authority. (A proposal is usually requested in cases where the selection of a contractor is to be made on the basis of the performance that is offered rather than on that of price alone and may require an outline of details such as the firm's qualifications and experience and the identification of problems and proposed solutions in addition to details of price). (Proposition)

Prudence : In the process of awarding and administering contracts, means taking the trouble and the

time to think out the various aspects of the proposal, the risks that may arise and planning ahead to deal with these risks. Standards of prudence and probity include such requirements as those for verifying materiel, obtaining proper authorization for expenditures and adopting a policy of open contracting. (circonspection)

Purchase Order: A purchaser's written offer to a supplier formally stating all terms and conditions of a proposed transaction. (Commande)

Purchase Order Confirmation (POC): Document issued to the supplier to confirm that CIDA will pay the supplier directly, on behalf of the purchaser, in accordance with the conditions of the purchase order. (Conformation de bon de commande)

Quality Assurance: Specifies the quality assurance requirements for material being procured. It is a system of activities whose purpose is to provide assurance that the over-all quality control job is in fact being done effectively. For a specific product or service, this involves verification, audits and the evaluation of the quality factors that affect the specification, production, inspection and distribution. (Assurance de la qualité)

Recipient Country: The recipient country's central government, which includes the ministry, department or agency mandated by the recipient country to act on its behalf on the project. (Pays bénéficiaire)

Request for Proposal: See proposal. (Demande de proposition)

Responsive Bid: A tender, proposal or quotation that meets all the mandatory requirements stipulated in the solicitation document. Synonymous with valid bid. (soumission recevable)

Security: Protection of materiel, or supply establishment, against incursion, fire, theft, or sabotage. (sécurité)

Sole Source:

- 1) A situation where a particular supplier or person is identified as the only source acceptable to the requisitioning authority.
- 2) Non-competitive situation arise:
 - 1) when there is only one Canadian source capable of supplying the product or service (referred to as sole source); and
 - 2) when, although a number of Canadian sources exist which are capable of supplying the product or service, it is decided for any number of reasons to direct the purchase to a particular source (referred to as single source directed) (Fournisseur exclusif)

Source List: A record of prospective bidders for the purchase or sale of specific goods or services. (Liste de fournisseurs)

Specification: A clear and accurate description of the technical requirements for a materiel, product,

process or service, including the procedure by which it will be determined that the requirements have been met. (Spécification)

Standard: A formal specification, for recurring use that is developed by a balanced committee widely representative of all major interests utilizing the consensus process, and is published by a recognized standards-issuing agency. (norme)

Standing Offer: An arrangement, whereby a supplier undertakes to supply on demand goods and services described in the offer, at the price or on the pricing basis stated, and subject to all the terms and conditions set out therein. A standing offer is not a contract. A valid requisition or a call-up made against a standing offer is an acceptance of the offer and is therefore a contract. (Offre à commandes)

Supply: The operations normally involved in furnishing, providing, affording, or distributing items of supply to a user to satisfy stated requirement(s); the function includes all actions from the initial determination of requirements as to kind and quality through testing, standardization, adoption, modification, procurement, acceptance, receipt, storage, issue, maintenance, distribution, evacuation, salvage, re-issue, disposal, accountability, responsibility and stock control. (Approvisionnement)
Tender: A proposal, bid or offer that is submitted in response to an invitation from a contracting authority. A tender is considered to be valid if it meets all of the requirements stipulated in the invitation. (Soumission)

Title: The right of ownership in a property, including right of possession. The term title is used to denote a vested right as opposed to a contingent right. (droit de propriété)

Warranty:

- 1) An assurance that goods and title are as represented.
- 2) Sometimes referred to as guaranty. A protection given in writing to a buyer, according to which the supplier undertakes to remedy, repairs or replaces the goods in which defects appear during a specific period - usually one year after the buyer has accepted the goods. (Garantie expresse)

Write-Off: The deletion from records of materiel due to shortage, loss by any cause. (Radiation)