



Ethiopian Economics Association

የኢትዮጵያ ኢኮኖሚክስ አሰራሽ

Professionalism and Economic Thinking for Development!



PROCUREMENT MANUAL

June, 2021

Table of Content

Definitions and Abbreviations:	1
1. Introduction	2
1.1. About Ethiopian Economics Association	2
1.2. Objectives of Procurement	2
1.3. Scope and Limitations of the Manual	4
2. Purchasing Management Manual	4
2.1. General Provisions	4
2.2. Discretionary Purchasing Authority	5
2.3. Initiation of Order and Procurement	6
2.4. E-procurement	7
3. Technical Specifications and Pre-Qualification	7
3.1. Technical Specifications	7
3.2. Pre-qualification (Select list Preparation)	9
4. Procurement Methods	9
4.1. Negotiation	10
4.2. Request for Proposals (RFP)	10
4.3. Request for Quotations (RFQ)	11
4.4. Single Source Procurement	12
4.5. Competitive Tendering	12
4.5.1. Open Tendering	12
4.5.2. Restricted Tendering	13
5. Bidding Process	13
5.1. Preparation of a Bidding Document	13
5.2. Presentation of the bid document	14
5.3. Invitation for Bids and Submission Bid	14
5.4. Bid opening, Suppliers Appraisal and Bid examination and evaluation	15
5.5. Contract Process	16
5.6. Follow-up Order, Receiving and Inspection of Goods and Services	17
5.7. Review of Performance (Performance Evaluation)	18
6. Code of Ethics	19
7. Purchasing Procedures	21
7.1. Cash Purchases through RFQ < 15,000.00 Birr	21
7.2. Limited Tender: 15,000.00-300,000.00 Birr	22
7.3. Open Tender: greater than 300,000.00 Birr	23
8. Receiving and Store's Issuance Process	24
8.1. Receiving Process	24
8.2. Store's Issuance Process	25
9. Procurement Formats	25

Definitions and Abbreviations:

1. **Best Value** – The overall combination of quality, price, and various elements of required services that are optimal relative to the needs of EEA. EEA decision makers are encouraged to consider best value concepts when making procurement decisions involving goods and services.
2. **Bid** – a competitively priced offer made by an intended seller, usually in reply to an invitation for bids; a price made at public auction.
3. **Bids and Tenders** are used interchangeably.
4. **Bid Bond** – a CPO check or Letter of Guarantee submitted by a bidder to the EEA so that the EEA can collect that amount in the event a selected bidder fails to accept the contract as bid.
5. **Competitive Tendering** – is a procurement mechanism where requests for bids ask suppliers to quote the price at which they will perform in accordance with the terms and conditions of the contract, should they be the successful bidders. In such cases the EEA awards the order to the lowest bidder. It includes open tendering, restricted (limited) tendering, and request for quotation (proposal).
6. **Emergency** – an occurrence of serious or urgent nature that demands immediate action.
7. **Hot List** – a list that contains emergency materials that require regular follow-up.
8. **Performance Bond** – a guarantee provided, or payment made by a bidder to a buyer at the time of contract signature to make sure that the bidder would supply the goods or render services as per the specifications and agreements made.
9. **PR (Purchase Requisition)** – a purchase request from any EEA body to the purchasing body.
10. **PO (Purchase Order)** – an official instruction from EEA purchasing body to suppliers to deliver specified good or services.
11. **RFP (Request for Proposal)** – a request form of EEA purchasing body to outside supplier to quote their price and terms for the provision of consultancy services.
12. **RFQ (Request for Quotation)** – a request form of EEA purchasing body to outside supplier to quote their price and terms for the supply of specified goods or services.
13. **PR (Receiving Report)** – document evidencing the receipt of goods or services.
14. **Responsible Bidder** – a vendor which:
 - Is a regular dealer, supplier or an authorized dealer of the goods and services offered.
 - Has the ability to comply with the required delivery or performance schedule, taking into consideration other business commitments.
 - Has a satisfactory record of performance and integrity.
 - Has the necessary facilities, organization, experience, technical skills, and financial resources to fulfill the terms of the PO or contract.
15. **Responsive Bidder** – failure to comply with the requirements set forth in the invitation for Bid may result in a bid being declared unresponsive: for example, failure to sign a bid, or to return the required bid document, substitution of vendor's terms, deletion of terms and conditions stated in the invitation for bids, failure to offer a product or service that meets the requirements of the invitation for bid. A responsive bidder provides ALL the information

asked for and addresses ALL the issues in the RFQ or RFP. Unresponsive bidders are eliminated.

1. Introduction

1.1. About Ethiopian Economics Association

The Ethiopian Economics Association (EEA) was established in 1991 as non-profit, non-partisan, and independent research (think-tank) and membership organization with three overarching and integrated pillars:

- provide its members a platform of networking, experiential learning, and access to current information;
- generate evidence-based analysis on evolving social, economic and environmental conditions of Ethiopia offering decision support tools and informing policymakers, practitioners, business community, researchers, development partners and the general public; and
- contribute, more broadly, to frontier and emergent economic thinking relevant for Ethiopia, advance research methodologies, and contribute to academic rigor.

The governing body of the Ethiopian Economics Association (EEA) comprises the General Assembly which is the highest decision-making body with the responsibility of providing an overall policy framework. An Executive Committee is elected by the General Assembly and provides leadership over three years of service. EEA also has a Chief Executive Officer with employed staff who manages the day-to-day activities of the Association.

Vision

The EEA is envisioned to become a premier economics association in Africa by 2030.

Mission

The mission of EEA is to provide a platform for networking, access to information and learning; to contribute to a better understanding of the global, national, and local economic issues; to inform and influence economic policymaking and investment decisions; to offer training and foster the advancement of the discipline of economics.

Values

Professionalism, integrity, independence, quality, efficiency, inclusiveness, teamwork, accountability, and transparency.

1.2. Objectives of Procurement

This manual establishes rules and procedures relating to the management of the procurement process for goods and services at the Ethiopian Economics Association (EEA), thus facilitating compliance with policies approved by the governing body of EEA, the Rules of Procedure of the Chief Executive Officer (CEO) and the Financial Rules. Compliance with this Manual is mandatory for all EEA staff. The Manual applies to the procurement of goods and services funded with internal resources or with external resources; in the latter case, it is subject to the agreements reached between EEA and the counterpart, as outlined in the corresponding Legal Instrument. Thus, the manual aims to provide a clear and concise policy document in undertaking procurement of goods, services, and management of property in the Ethiopian Economics Association. This will ensure wise use of EEA funds and provision of

information for vendors which seek to compete for EEA business, as well as demonstrate EEA's commitment to ethical and fair business practices.

Therefore, the fundamental objectives of Procurement at the EEA shall be to support the Ethiopian Economics Association's operations with uninterrupted flow of materials and services by procuring the right quality supplies or services, from the right supplier(s), in the right quantity (proportion), at the right time, and at the right price (total cost of ownership) on a competitive basis. More specifically it will have the following objectives:

- To procure best value materials and services suitable for EEA's operations competitively and wisely, i.e., to negotiate with suppliers to obtain the most beneficial mix of conditions of supply and services.
- To gain efficiency and effectiveness through proper planning of the procurement of supplies, works and services and to ensure consistency by using the manual as a guide.
- To identify and develop suppliers which are competent and uniquely qualified to fulfill the supplies and service needs of the EEA, periodically evaluating their performance. This includes:
 - Active analysis of market conditions to assess the competitiveness of price quoted.
 - Pre-supply assessment and continuous monitoring of supplier performance by current and potential suppliers.
 - Analysis of the supply base to reduce the number of suppliers and improve the quality of those remaining.
- To develop sound relationships with suppliers and good relationships with active suppliers to secure the confidence and good image of the EEA.
- To conduct purchasing research on prices of materials and services the EEA is buying, availability of alternative materials and services and alternative suppliers, availability of standard materials suitable to meet the needs of EEA, and suppliers' performance, among others. An example would be participation in relevant trade fairs and conferences, which could be good sources of information.
- To achieve maximum integration among the different divisions of EEA.
- To carry a practical minimum inventory level that can assure continuous operations and maximum utilization of space and budget.
- To make policy recommendations that enhance procurement and materials management function.
- To handle the procurement and the materials management function proactively in a professional and cost-effective manner by planning the purchasing and materials management function, continuously improving processes, and continuously training and developing its personnel among others.
- To maintain good purchasing and materials management information system in the Association.

Scope and Limitations of the Manual

This manual is prepared with the desire to include all relevant working guides comprehensively. While it attempts to provide detailed steps to be followed, it also at the same time allows exercising a reasonable degree of flexibility and cannot be considered exhaustive. Meaning, the manual should be taken as reference material and a general guideline with room for rational judgment, innovation, observation and analysis, and is subject to future improvement based on realistic findings and proven methods. However, any major flexibility should be approved by the Executive Committee of EEA before implementation. Once approval, it should be inserted in this manual as an attachment or as an appendix. When such improvements are accumulated to the extent that this manual needs to be revised, it should be reprinted incorporating all those improvements.

2. Purchasing Management Manual

2.1. General Provisions

- General policy statement: every user unit of the EEA, Organs and Procurement Committee (PC) should work according to a procurement plan. That is, all purchases must be budgeted and should be made on a planned basis in order to promote efficiency and effectiveness. In case of exceptions, the approval of the CEO is required.
- EEA will have standard items, contracts and PC minutes that will facilitate purchasing. Items not covered by the Standard List or Material List need special permission for purchase from the CEO.
- Detailed specifications of standardized or frequently purchased items should be posted on the EEA's web page and in a General Service file.
- In general, all purchases shall be evaluated based on Quality, Price, Quantity and Time. Quality could mean technical suitability, supplier's dependability, and other related factors. Price refers to the total cost of the purchase, quantity refers to the total number of items that could be delivered, and time refers to timely delivery of ordered items.
- Irregular purchases that do not fall into the stated policies and procedures need to be approved by the CEO or the appropriate authority.
- New requests for purchase requisition are not allowed for items which are available in the store.
- All purchasing personnel should adhere to the ethical conducts of purchasing as stipulated in this manual.
- Finance and Administration has the responsibility and the authority to critically review material, service specifications, and purchase requests and to suggest reconsideration. However, changes can be made only when approved by the unit initiating the requisition.
- Requesting divisions or any unit of EEA shall not divide the purchase into separate contracts for the purpose of avoiding the need to refer the procurement to the Procurement Committee or to use open tendering.

- However, purchases from sole supplier, prime manufacturer, or service providers do not require use of competitive tendering (i.e., request for quotation or invitation of bids or tenders). In such a situation, a contract may be negotiated and awarded to such source. Also, when the suppliers are known to be limited or are known government organizations, an open tender shall not be used no matter what the value of the purchase may be.
- In case of an emergency, a contract may be awarded without competitive sealed bidding. A written determination of the basis for the emergency and for the selection of the particular supplier shall be included in the contract file.

2.2. Discretionary Purchasing Authority

- All purchases with a value of less than or equal to ETB 300,000.00 will be carried out through the request for quotation method, where securing pro-forma invoices from at least three suppliers is mandatory. All purchases with a value of less than or equal to ETB 15,000.00 can be made directly with a written quotation without seeking the review and recommendation of the Procurement Committee; and purchases shall be authorized by the CEO or his/her delegate. All purchases with a value of more than ETB 15,000.00 and less than ETB 300,000.00 shall be authorized by the Chief Executive Officer (CEO) following the review and recommendation of the Procurement Committee.
- Purchases with value of less than or equal to ETB 5,000.00 can be made by the purchaser directly from petty cash without a need to collect pro-forma invoices. A researcher may also purchase item/s needed for research work with a value of less than or equal to ETB 3,000.00 without a need to collect pro-forma invoices; however, this is permissible only while the researcher is in the field for official work.
- Procurement with a value more than ETB 300,000.00 shall be made through an open tender method. The invitation of such a nature will be publicized via a widely accessible media. When restricted tendering is found to be appropriate, the EEA purchasing body invites registered and competitive bidders to participate in the restricted tendering for procurement with a value more than ETB 300,000.00. And if limited tender method is used, then at most 5 and at least 3 shortlisted suppliers will be invited to submit their respective tender with wax-sealed envelope to the Administrative and Finance Division. The CEO shall approve the purchase value of less than or equal to ETB 5,000,000.00 following the recommendation and subsequent verification of the Procurement Committee. However, purchases with a value of more than ETB 5,000,000.00 shall be approved by the President or his delegate following the recommendation and subsequent verification of the Procurement Committee and the CEO, respectively.
- The composition of the Procurement Committee consists of:
 - Director of the Administrative and Finance Division, or the person to whom s/he delegates;
 - Director of the Partnership and Communication Division, or the person to whom s/he delegates,
 - Director of the Research and Analysis Division, or the person to whom s/he delegates;

The CEO will assign the secretary and chairperson of the Procurement Committee. The terms of the years of the committee member will be two years. In addition, due to conflict of interest, Director of the Administrative and Finance Division, or the person to whom s/he delegates cannot be the chairperson of the committee.

Table 1: Discretionary Purchasing Authority by Procurement Methods

Procurement Method	Value Greater than (ETB)	Value less than or Equal to (ETB)	Authorization	Remark
Direct procurement from petty cash	0	5,000.00	Administration and Finance Director	Without a written quotation
Direct procurement (with a written quotation).	5,000.00	15,000.00	Chief Executive Officer (CEO)	Without Procurement Committee review & recommendation.
Procurement by comparing at least three written quotations either using Request for Quotation (RFQ) or Request for Proposal	15,000.00	300,000.00	Chief Executive Officer (CEO)	Following the review & recommendation of Procurement Committee
Procurement by means of Competitive tendering (open tender or limited tender).	300,000.00		CEO for Bids up to 5,000,000.00 and EC President or his delegate above 5,000,000.00	Following the review, recommendation & verification of the Procurement Committee & CEO, respectively.

2.3. Initiation of Order and Procurement

- Users or requesting departments should either consult the Administration and Finance Division, explore the market, or search the Internet before completing the Purchase Requisition (PR) whenever necessary. It is the user's responsibility to complete PR clearly and completely.
- Budget clearance must be made before suppliers are approached for purchase. Adjustment of budget is not required for purchase value differences up to 10%.
- Stock items will have reorder levels which will be bases for store personnel to initiate purchase requests. Level will include lead-time consumption and one-month pick time consumption.
- **Request for quotation should be mailed, faxed, e-mailed or hand delivered to suppliers.** Suppliers can then deliver quotations by email, fax, or by hand to the Administration and Finance Division.

2.4. E-procurement

E-procurement is the process of buying supplies and services over the Internet. E-procurement involves electronic data transfers to support operational, tactical, and strategic procurement. E-procurement opens the lines of communication between the Association and a supplier by creating a direct link and facilitating interactions such as bids, purchase orders and emails.

To achieve economy, transparency and modernization in procurement, EEA may authorize the use of electronic means as a method of procurement. In order to implement this:

- The Procurement Committee or requesting unit should believe there is an advantage to conducting the procurement by means of electronic exchange of information.
- The Procurement Committee or requesting unit should confirm the appropriateness of the Electronic Procurement to the specification and level of the procurement.
- The Procurement Committee or requesting unit should ensure that the suppliers have a capacity to access internet services and get information from the Association website about the tender and other information. Otherwise, the Association ought to provide directly the tender and other information to the suppliers through their email address.

Upon due consideration of the above factors related to the proposed system of effecting procurement by means of electronic exchange of information – and where it is satisfied that the overall system and capacity of public bodies and suppliers allows the carrying out of procurement through electronic exchange of information – EEA may authorize the implementation of the electronic system in procurement proceedings by establishing the appropriate framework for the operation of the proposed electronic system.

3. Technical Specifications and Pre-Qualification

3.1. Technical Specifications

Developing a set of specifications or objectives is critical to obtaining the desired item or service at a reasonable price. Such specifications, therefore, shall be written to enhance, rather than inhibit, competition.

- Requirement shall whenever possible be described on a generic universal specification basis and should comply with the relevant standards adopted by EEA and/or issued by the Ethiopian Standards Authority and any relevant codes. Under appropriate circumstances, performance specifications (setting forth the performance requirements), design specifications (setting forth the essential characteristics of the items solicited), or a qualified products list shall be used.
- Specification for vehicles and equipment are normally performance oriented and should refer specifically to the required:
 - Functional attributes;
 - Outputs and end use of the goods/ services.
 - Service aspects.
- Such specifications should include features relating to technical capabilities, operating characteristics and performance standards. Service aspects include delivery times and after sales service.

- Procurement of computers and related information technology should be done with the emphasis upon identifying the function required, such as how quickly it should run, how much data it should be able to store. For example, in procuring a Personal Computer, the following should be identified:
 - How much data the computer will have to store;
 - How quickly the data has to be processed;
 - If it is likely that additional speed or memory will be required;
 - If the computer will be part of a network or standalone;
 - What type of software the computer will have to use?
- Other types of specifications are:
 - Design specifications-used frequently in the construction area.
 - Description by Chemical analysis or Physical characteristics (e.g. in the purchase of pharmaceutical products or agricultural commodities).
 - Brand Name or Equal. When it is determined to be impractical to develop a generic (universal) specification, a brand name followed by "or Equal" may be used to convey the general style, type, character and quality of the article desired. Any article which the EEA (mainly the user), in its sole discretion, determines to be the equal of that specified, may be accepted.
- Proprietary or brand specification restricts the acceptable products to those of one manufacturer. The determination for the use of a proprietary specification must be made in advance and be included in the procurement file. It is appropriate to use such a specification when the desired product:
 - Must be compatible with or is an integral component of existing equipment or products.
 - Is covered by a patent or copyright.
 - Must yield absolute continuity of results – one with which a user has had extensive training and experience, and the use of any other similar piece of equipment would require considerable reorientation and training.
 - There is known to be only one manufacturer/provider of the goods/services.
- Procurement of consultant services requires the preparation of **Terms of Reference (TOR)**, explaining mainly the following:
 - Objectives
 - Scope of work
 - Methodology
 - Qualifications of individuals giving the service
 - Expected outputs

- Technical specifications form an essential part of bidding documents. They should be sufficiently detailed and comprehensive to:
 - Encourage widespread competition.
 - Provide a strong basis for formulation of bids by interested suppliers.
 - Allow for the evaluation of bids.
- Specification will be used as a basis for examining the responsiveness of tenders. A bid which fails to meet the technical specification, in any material respect, must be rejected. EEA can draw on expert advice and other assistance from specialists or organs of the government/ non-government for different types of procurement. For example, the Road Transport Authority (RTA) prepares specifications and assists in the procurement of vehicles, while the Ministry of Urban Development and Construction provides such a service for construction.

3.2. Pre-qualification (Select list Preparation)

The EEA may have an approved (pre-qualified) list of suppliers for different category of items. Such a list will be renewed annually when suppliers meet the following factors as applicable:

- Renewed license
- Third Party Certification like Ethiopian Standard Authority, ISO and such (optional).
- MOFEC Registration Certificate and Suppliers list.
- Satisfactory past performance regarding: Response time, Price changes and competitiveness, Quality, Lead time, Method of payment and Terms of payment, Integrity, Adherence to contract terms and administration like correct quantity, errors in delivery notes or invoice and after sales service like maintenance and spare parts availability. These criteria will be weighted depending on their perceived importance and suppliers will be informed of their ratings.
- Substantive qualifications of suppliers, such as:
 - Professional and technical competence and experience.
 - Financial position (resources).
 - Equipment and other physical facilities.
 - Managerial capability and personnel.
 - Whether there are any outstanding claims or litigation against the supplier.

4. Procurement Methods

It is EEA's policy that procurement of all items is made by competitive tendering unless there is a specific and good reason to use another method of procurement. Blanket/standing annual purchase contracts should be made for stock items.

The main procurement methods that the EEA may use are:

- Competitive tendering, which includes open tender and limited tender/Restricted Tendering

- Negotiation
- Request for Quotation (RFQ)
- Request for Proposals (RFP)
- Single source procurement

In order to select the proper procurement method, the estimated or anticipated value of the contract/order must be determined.

4.1. Negotiation

This is used when:

- The purchase involves a significant amount of money or represents an on-going effort.
- New technologies or processes are involved for which selling price haven't been determined yet.
- The supplier must make a substantial financial investment in equipment, technology, or other resources.
- Not enough time is available to competitively bid the purchase.
- When EEA procures specialized professional services from its qualified members.
- When there are limited suppliers (below 5 suppliers) on an open tender and when the price quotation is above the budget.
- When twice tendering through public media resulted in no or limited suppliers/service providers.

4.2. Request for Proposals (RFP)

- EEA may engage in procurement by request for proposals, primarily when EEA seeks to enter into a contract for the purpose of research, consulting, publication, maintenance, computer programming etc...
- The request should be forwarded to at least 3 and not more than 5 potential suppliers. The request or proposals shall contain, as a minimum, the following:
 - The name and address of the Institution/organ;
 - The manner, place and deadline for submission of proposals;
 - The terms of reference;
 - Documentary evidence which is to be submitted by the suppliers to demonstrate their qualifications;
 - The criteria for evaluation of proposals;
 - The terms and conditions of the contract and the contract form, if any, to be signed by the parties;
 - The reserved right for any negotiations between EEA and the supplier.

- Suppliers shall be invited to submit their proposals in two envelopes: one containing the technical proposal and the other the price.
- When EEA procures specialized professional services from its qualified members.
 - The request should be communicated to at least 3 qualified service providers
 - EEA should put in place the following and make sure they are always adhered to by all those involved in procurement process:
 - a. A list of qualified EEA members approved by EEA management.
 - b. Industry specific standard prices for each service or activity to be procured from the qualified professional members, with the prices being subject to periodic revision based on market survey.
 - c. A well-prepared terms of reference (TOR) for each service to be procured.
 - d. Contractual agreement signed between the principal (EEA) and the agent (qualified member).
 - e. Contract administration system that could enforce the aforementioned process.
- In performing the evaluation process, EEA should follow a two-stage procedure (i.e. separate evaluation for technical effectiveness and proposed price). The price evaluation should follow the technical evaluation. Applications with a score below 50% shall be dropped from financial evaluation, with only those suppliers which have a score 50% and above being considered for financial evaluation. For total evaluation purposes, the following weights may be used.
 - Technical Proposal = 70-80 %
 - Financial Proposal = 20-30 %

The scores for financial proposals of each applicant may be determined by

$$Y = \frac{AP_0}{P_1}$$

Where Y is the points for the financial proposal being evaluated; A is maximum number of points allocated for the financial proposal (i.e., 30); P₀ is the lowest price offered, and P₁ is the price of proposal being evaluated.

- Technical and price scores will be added to establish the successful proposal.

4.3. Request for Quotations (RFQ)

- EEA should plan procurement in advance in order to achieve the benefits of bulk purchasing. This method of procurement can be used when open tendering is found to be costly and time-consuming, where there is a pressing operational requirement for goods or services, and the values of the contract are likely to be within the limits shown under Discretionary Purchasing Authority.

- The EEA should select a minimum of 3 suppliers and inform these suppliers through fax, email, or in person.
- The RFQ should contain all the information necessary for the vendor to submit a valid quote:
 - The product(s) should be described in detail.
 - Specifications should be clear, concise, and complete.
 - Quantity, quality requirements, packaging, payment terms, and warranty, delivery and inventory requirements should all be included in RFQ.
- EEA prefers online communication to hand delivery of sealed pro-forma invoices by the suppliers;
- The pro-forma invoices shall be read out in a designated place and all documents shall be signed by the responsible members commissioned for this purpose such as Procurement Committee members;
- All pro-forma bids shall be recorded by the responsible official or the Secretary of the Procurement Committee, as the case may be;
- The lowest priced pro-forma invoice of those that meet the minimum technical requirements shall win the right to supply the goods/services;
- The EEA purchasing body shall, therefore, take the goods and pay based on the pro-forma invoice or signed contract agreement.

4.4. Single Source Procurement

EEA may engage in single-source procurement when one of the following conditions applies:

- The goods, construction or services are available from a particular supplier, or a particular supplier has exclusive rights in respect to the goods or services, and no reasonable alternative or substitute exists; or when there is a sole supplier;
- There is an urgent need (i.e., unique, time-bound, best price offer, high qualification, administrative delay) for the goods or services which will be assessed/recommended by the Procurement Committee and approved by the CEO, and engaging in tendering proceedings or any other method of procurement would therefore be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the EEA nor the result of dilatory conduct on its part;
- Owing to a catastrophic event, there is an urgent need for the goods, construction or services, making it impractical to use other methods of procurement because of the time involved in using those methods;
- Spare parts are available only from the producer or supplier of the equipment;

4.5. Competitive Tendering

4.5.1. Open Tendering

It is one form of competitive tendering where suppliers are invited through public media to compete. Competitive tendering requires the preparation of bid documents which include the following:

- An invitation to tender;
- Instructions to bidders;
- Specifications and detailed descriptions of the goods and services to be purchased;
- Draft of basic terms and conditions of contracts;
- Standard forms for tenders, including the quality and price schedules.

4.5.2.Restricted Tendering

- When restricted tendering is found to be appropriate, the EEA purchasing body invites registered and competitive bidders to participate in the restricted tendering.
- Restricted tendering method is used when either only a few suppliers/service providers are qualified to fulfill the specific type of requirement, or certain conditions warrant the use of a limited number of suppliers/service providers in order to reduce the time and cost of the selection process.
- The tendering procedure is the same as that for open tenders. The only difference is in the means of invitation to bid. Here, the invitation to bid is extended by a means of letter, fax or email to those limited suppliers who are expected to possess the required substantive qualifications. Opening of bids and bid evaluation is the same as that of open tendering.

5. Bidding Process

5.1. Preparation of a Bidding Document

Once the need, the budget, and the appropriateness of the method of purchase for the item or service are established, bidding documents should be prepared. The bidding document contains the following particulars:

- Goods or services required together with the technical specification of the goods/service to be purchased.
- Delivery point of the goods/service to be purchased.
- Payment and delivery terms.
- The validity date of the price offered.
- The amount to be deposited for buying bid documents if appropriate.
- How tender envelope should be submitted, where, the closing date of bid, opening date, place and time.
- The type of guarantee the winner should provide for assuring delivery.
- Warranties and maintenance conditions where necessary:
 - Requirements for bid bonds, performance security, penalty clauses for late delivery, force majeure, language and settlement of disputes.
 - Bid received after closing date are not acceptable.
 - The phrase “**The organization reserves the right to reject or accept all or any of the offers**” must be stipulated at the end of every tender document.

5.2. Presentation of the bid document

- All bids must be in a sealed envelope or it should be sent to the Association's dedicated email account.
- Bids should indicate for which particular Bid (offer) it is being made.
- It must indicate name & be signed or sealed.
- It must be clearly written without cancellation. Bidders cannot change price & the specification after the Bids are opened. If the winner declines to accept, the winning Bid will be canceled, and the Bid bond will not be returned.

5.3. Invitation for Bids and Submission Bid

- All eligible bidders should be invited by a notice through different forms of media that have wide circulation in order to obtain sufficient and potential bidders so as to make the tendering process transparent. Here the bidders should participate through their own initiative.
- The EEA shall ensure that invitations to bid are publicized for at least ten days. The publication should clearly state how, where and when the bidding documents are to be obtained.

This may include:

- The procuring agency (EEA, Organs,...);
 - The tender number (if any);
 - The items or services to be procured;
 - The price of the bidding documents;
 - The amount of the bid security;
 - The place, final date and time of submission of bids;
 - The date of opening the bid;
 - The procuring agency's address and other details.
- Bidding documents may be sold to any interested bidder upon a non-refundable fee.
 - Bidders shall be offered at least 15 calendar days for open tender and 10 calendar days for limited tender from the date of publication of the first notice for preparation of tenders.
 - **Submission of bids by bidders:** EEA should reserve a special box in a safe place. The box is to remain open until the closing time and date of the tender. Bidders are expected to return their bids in a wax sealed envelope before the closing time of the tender box. For consultancy (professional) services, EEA may request service providers to send their quotation through official email or fax.

5.4. Bid opening, Suppliers Appraisal and Bid examination and evaluation

➤ Bid opening

- Bids shall be opened in presence of the Procurement Committee. The sealed envelopes or emailed proposals should be opened and all present Procurement Committee members should put their signature or seal upon the bid.
- All bidders are expected to provide bid security (bid bond). Bids submitted without a bid bond shall be rejected at the preliminary stage of the bid evaluation process. The Procurement Committee shall maintain minutes for all its meetings.
- The price offered for each good/service by each bidder will be read out loud to all PC members.

➤ Suppliers Appraisal

- Whenever purchases are made without samples, specifications of item or service to be purchased must be explicitly clear to both the EEA purchasing personnel and suppliers.
- When there are situations in which price is not the only important variable, the other variable should be explicitly indicated on the request for quotation, request for proposal, or tender document.
- Whenever indicated by the EEA, suppliers must also demonstrate that they possess the necessary substantive qualifications to perform the contract for which they compete in the particular case, meaning that they possess the necessary:
 - ✓ Professional and technical competence and experience
 - ✓ Financial resources
 - ✓ Equipment and other physical facilities
 - ✓ Managerial capability and personnel
- EEA may require suppliers to provide appropriate documentary evidence or other information, as it may deem useful to satisfy itself that the suppliers are substantively qualified in accordance with the criteria referred to in the foregoing item 7.3.
- Any substantive qualification requirement must be set forth in the bidding documents.
- EEA shall evaluate the substantive qualifications of suppliers in accordance with the criteria and procedures set forth in the bidding documents. This evaluation is distinct from, and carried out separately from, the evaluation of the tenders submitted.
- Tenders from suppliers that fail to demonstrate the required formality and substantive qualification must be rejected.

➤ **Bid examination and evaluation**

- The Procurement Committee takes the responsibility for the bid examination and evaluation process. This process should mainly be undertaken in two-stages; first, a preliminary examination of bids and their attachments, and then a detailed evaluation. The detailed evaluation should be performed only if bidders pass the preliminary examination. The preliminary examination will involve:
 - ✓ Arithmetic corrections (if any)
 - ✓ Completeness and substantial responsiveness of bids to all the requirements specified in the bidding documents, and the technical specifications;
 - ✓ Proper provision of bid security;
 - ✓ General adherence to the instructions to bidders.
 - ✓ Bids which have been found not to be substantially responsive to the requirements set out in the bidding documents are rejected.
- The detailed evaluation serves to identify the lowest evaluated bid, based on the evaluation criteria set out in the instructions to bidders. This may include:
 - ✓ Price and other commercial features of the bid;
 - ✓ Delivery date;
 - ✓ Experience and availability of necessary service facilities;
 - ✓ Operational cost of the goods/ services to be purchased;
 - ✓ Other relevant factors which emanate from the nature of the goods/services to be purchased and which are set out in the instructions to bidders.
- Evaluation criteria other than price should, if possible, be expressed in monetary terms in order to form an objective and clear basis for comparison.
- If two or more bidders come into comparable level, the committee may request price reduction. If price reduction is not possible, the order will be divided equally or decided by lot.
- Having identified the winner of the bid, and established its substantial responsiveness to the requirements in the bidding documents, EEA should check, before awarding the contract, that the winner of the bid is also a responsible bidder (qualified to perform the contract).
- Checking of bidders' Qualifications – checking the successful bidder's qualifications means verifying that the bidder is formally and substantively qualified, as tested against the qualification criteria set out in the bidding documents.

5.5. Contract Process

- **Award of contract:** After the detailed evaluation has been undertaken and the successful bidder's qualifications have been checked and found acceptable, a notice of award to substantially responsive bidder who has submitted the lowest evaluated bid should be sent.

➤ **Performance security**

- The successful bidder will be eligible to sign a contract with the buyer upon the presentation of a minimum of 10% performance bond.
- The purpose of the performance security is to protect the EEA from the financial consequence of supplier's breach of contract. Should the EEA agree, in addition, to pay an advance under the contract to the supplier, an advance payment security in the same amount must be provided by the supplier.

➤ **Contract Signature**

- The contracting process can be simplified if the following steps are taken:
 - ✓ Within the bidding documents, EEA should include a draft or blank contract to allow suppliers to be aware of the terms and conditions that they will have to comply with should they be successful in a tender (the details that the contract must cover is given in part thirteen of this document);
 - ✓ The supplier that wishes to bid should review the contract and put in his/her bid any comments or reservation. EEA must make potential bidders aware that reservations to essential terms and conditions in the draft contract can lead to rejection of his/her bid;
 - ✓ Once the tendering and evaluation exercise has been completed, the contract should be drawn up between the parties. This contract must be of an agreed structure and be based upon the tender submitted by the bidder.
- After the contract is signed with the successful bidder, EEA should notify unsuccessful bidders and discharge their bid bonds. EEA takes the responsibility to follow up the performance of the seller as per their contractual agreement.

5.6. Follow-up Order, Receiving and Inspection of Goods and Services

- Purchasing should have a follow up system that shows outstanding orders.
- It is the responsibility of the individual handling the order to follow up the order until the items or services are delivered so that items or services are delivered on time.
- Follow up is done by filing the follow-up copy of the Purchase Order (PO) in a Calendar File or using an automated system.
- The follow-up may be done by telephone, fax, letter, or e-mail.
- The Buyer who is handling the purchase should communicate date of arrival of the goods purchased to user/stores as well as receiving personnel 3 days before shipment arrives at EEA.
- Every bulk purchase that has a volume that renders difficulty to inspect all the items should have a sample inspection plan clearly indicated in the PO, contract, and bidder's instruction. Receiving of such purchases should be according to the sampling plan.
- When an item is described by a sample, the sample must be designated and coded by the PC, and receiving should be according to this sample.

- Users, purchasers, receiving/inspection and stores people should be held accountable for their performances.
- Suppliers should expressly warrant all goods delivered under the Order to be free from defects in material and workmanship and to be of the quality, size and dimensions ordered. This express warranty shall not be waived by reason of the acceptance of the goods or payment thereof by EEA.
- Payment for goods or services provided under the Order shall not constitute acceptance thereof. EEA may inspect and test such goods or services and reject all items that are, in EEA's sole judgment, nonconforming to the specification or sample. Goods rejected or supplies in excess of quantities ordered may be returned to suppliers at its expense.

5.7. Review of Performance (Performance Evaluation)

1. Review of Contract Performance (Suppliers' Evaluation)

- Suppliers will be evaluated continuously based on factors of delivery time, response lead-time, responsiveness, quality, and price. Those who do not meet the minimum requirement should be excluded from the list annually.
- EEA bodies should not contract with suppliers that have a poor record of performance based upon previous contracts carried out for EEA or other public bodies. One of the most important aspects of the suppliers' list is that poor performers are removed from the list.
- For the purposes of this Manual, poor performers are those that:
 - Fail or are slow to reply to questions for clarifications;
 - Fail to meet promised delivery dates without good reason;
 - Fail to meet the quality standards required;
 - Try to impose additional conditions of contract;
 - Fail to deliver the "after sales service"; or
 - Are uncooperative during the course of the contract.
- EEA bodies or purchasing unit on the completion of every contract should carry out this evaluation. Because the evaluation may lead to the approved status of the supplier being removed, the Finance and Administration Division should carry out the evaluation and propose to the EEA management for final approval.

2. Blacklisting (Debarment)

- Suppliers who performed fraudulent and/or unethical practices and/or fail to carry out the contract for reasons that are not force majeure in their dealings with EEA or other organizations shall be blacklisted (debarred).
- An individual or supplier being debarred must be notified in writing stating the reason for the action by the EEA's Finance and Administration Division.
- Normally the debarment period is one year. However, it can be more if the reason is serious like conviction of any criminal offence such as bribery, embezzlement, theft, forgery, or offences indicating lack of moral or business integrity.

3. Performance Measurement of Purchasing and Materials Department/Personnel

- Time estimate must be established for each phase of purchasing activity and communicated to those who are responsible to carry it out.
- Completed jobs should immediately be sent to the next work station. Entering of the date of completion of the job before transferring it to the next is mandatory. Entering the date of receiving the job before beginning processing is mandatory.
- Annual purchasing performance evaluation will be conducted by taking a random sample of 10 % of the past year purchase. Frequency or control charts may be used. EEA staff responsible for unacceptable deviation shall be responsible.

6. Code of Ethics

Individuals purchasing goods and services on behalf of the Ethiopian Economics Association should conduct business in a manner that is consistent with the research, training, and consultancy goals of the Association. Purchasing activities should be conducted in a professional manner.

1. Definition

This code of ethics details the rules for the conduct of individuals involved in procurement for the Ethiopian Economics Association. These rules go further than stating conduct that would remain legal and thus includes conduct that is deemed proper by EEA.

2. Guiding Principles

The guiding principles for individuals involved in procurement for the Ethiopian Economics Association are the following:

- Individuals involved in the purchasing of goods and services for EEA shall give first consideration to the objectives and policies of the Association.
- The conduct of employees should not foster any suspicion of any conflict between private interests and their official duty.
- The action of any individual should not give the impression that they have been influenced by a gift or consideration to show favor or disfavor to any person or organization.
- Dealings with suppliers must at all times be open, honest and even handed, fostering fair, ethical, and legal practices.
- All qualified vendors should be given equal opportunity to compete for EEA's business. Purchasing decisions should be made on reasonable assessment of quality, service, competitive pricing, and technical qualifications.
- Ethical behavior must be promoted and supported by appropriate systems and procedures.
- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.

- Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle. Vendors doing business with the Association should be held to standards promoting sound and ethical business practices.
- Handle confidential or proprietary information belonging to employers or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- Cooperation with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.

3. Disclosure of interest

- Individuals serving the Association shall at all times act in a manner consistent with their fiduciary responsibilities to the Association and shall exercise particular care to avoid the detriment of the Association which could result from conflicts between their interests and those of the Association.
- An individual is considered to have a conflict of interest when the individual, or any of his/her Family or Associates:
 - Has an existing or potential financial or other interest which impairs or might appear to impair the individual's independence of judgment in the discharge of responsibilities to the Association.
 - May receive a material, financial or other benefit from knowledge of information confidential to the Association.

If a procurement staff believes that s/he may have a conflict of interest, the individual shall promptly and fully disclose the conflict to the Finance and Administration Division or CEO depending on the situation and shall refrain from participating in any way in the matter to which the conflict relates until the conflict in question has been resolved. The main example is where the tender involves a friend or a member of his/her family.

When the individual fails to disclose but the superior discovers it, the superior should take action as per the Human Resource Manual.

1. Gifts and hospitality

Procurement staff should accept no gifts for tenders or potential tenders. The provision of hospitality could represent an attempt to circumvent these rules on the acceptance of gifts and should therefore not be accepted.

2. Confidentiality of information

- Commercially confidential information should be kept confidential and not used for personal gain or to prejudice fair competition.
- Similarly, information on specific contracts or procedures should not be given to the media without the authority of the Finance and Administration Division.

3. Fair dealing

Procurement staff must be honest and fair with all suppliers. They should not mislead suppliers or attempt to pressure a supplier in any way.

4. Systems and procedures

- The basic rules should be stated in the systems and procedures of the procurement unit. Responsibilities of staff and management of the procurement unit should be clearly stated.
- Finance and Administration Division is responsible for:
 - Issuing this guidance to all staff, especially those that may be exposed to risks of fraud or corruption;
 - Ensuring that all staff follow the written guidance, including keeping the basic written records;
 - Setting appropriate levels of financial delegation and ensuring a proper segregation and rotation of duties; and
 - Establishing the arrangements for reporting of unethical behavior and taking appropriate action on receipt of such reports.
- Procurement staff are responsible for:
 - following management's instructions and procedural guidelines;
 - keeping proper records; and
 - being alert to any indication of unethical behavior and reporting it to their line management.

5. Supervision and checking

All staff involved in procurement should be subject to supervision. This provides a check that all staff is performing to meet standards and in accordance with instructions. The coverage of checks should include the functioning of controls and individual transactions.

6. Regular audit

The Association should ensure that there is a regular audit of procurement activities to see to it that controls are in place and are functioning well. This audit should be carried out by the Internal Audit function of the Association; however additional audits can be carried out by alternative members of staff.

7. Purchasing Procedures

Before any procurement is made, requesting unit should fill store requisition form and check the availability of the materials/supplies in the store. If the material is not available in the store, the procurement procedure will be initiated as follows:

7.1. Cash Purchases through RFQ < 15,000.00 Birr

1. Requesting unit fill Purchase Requisition (PR) correctly.

2. The Director of Finance and Administration Division approves the PR and sends the PR to the accounting and budget officer for budget clearance.
3. The accounting and budget officer clears budget and sends the PR to the Administrative Assistant. The Administrative Assistant checks completeness of the PR, stamps the date of receipt of the PR, gives a serial number and passes it to initiate the purchase.
4. Administrative Assistant prepares Request for Quotation (RFQ) and faxes/email or distributes it to suppliers.
5. The Finance and Administration Director assigns a purchaser to collect proformas from the contacted suppliers in a sealed envelope. The purchaser collects and submits the sealed proformas to the Finance and Administration Division.
6. The Finance and Administration Davison opens the proformas, evaluates and selects the supplier(s), and then sends the documents to the purchaser.
7. The Administrative Assistant prepares purchase order (PO) and passes it to the Finance and Administration Director for approval.
8. The Finance and Administration Director approves the PO and returns it to Administrative Assistant and to the purchaser.
9. The purchaser completes the purchase advance and passes it to the Finance and Administration Director for approval.
10. The Finance and Administration Director approves the purchase advance and sends it to the Finance unit to process the advance payment.
11. Finance unit prepares purchase voucher and issues check to the purchaser.
12. The purchaser collects the check and pays the supplier.
13. The Storekeeper receives goods and prepares receiving report (RR), sending the report to the Finance and Administration Division for approval and delivers the goods to the users.
14. The Storekeeper sends the RR and SIV invoice to Finance.

7.2. Limited Tender: 15,000.00-300,000.00 Birr

1. Requesting unit fills the Purchase Requisition (PR) correctly.
2. The Finance and Administration Director/CEO approves the PR and sends it to the Finance and budget officer for budget clearance.
3. The Finance and budget officer clears budget and sends the PR to the Administrative Assistant.
4. The Administrative Assistant checks completeness, enters date of receipt of the PR and gives serial number to the PR, sending it to the purchaser.
5. The Finance and Administration prepares and faxes/emails RFQ to suppliers, and purchaser collects proformas from contacted suppliers.

6. The Procurement Committee opens the proformas/bids, analyzes the quotations, gets expert/user opinion and then selects the winning supplier(s). The Procurement Committee forwards the PR with its decision to CEO for approval.
7. The CEO approves the proformas/bids and decision of Procurement Committee and sends them to the Finance and Administration Division.
8. The Finance and Administration Division prepares the PO, signs it and passes it to Finance. The Finance and Administration Division also writes a letter of thanks for participation to the unselected suppliers.
9. The purchaser completes the Purchase Advance (PA) and passes it to the Finance and Administration Division for approval.
10. The Finance and Administration Director approves the PA and passes it to finance to process the advance payment.
11. Finance prepares purchase voucher for the purchase advance.
12. Finance prepares and issues check to the purchaser.
13. The purchaser collects the check and pays the supplier.
14. The Storekeeper receives goods and prepares the Receiving Report (RR), sending the report to the Finance and Administration Division for approval and delivers the goods to the users.
15. The Storekeeper sends the RR and SIV invoice to Finance.
16. Finance settles the advance payment and the order is closed.

NB: All payments of service transactions will be made in accordance with the types of contracts made with the suppliers.

7.3. Open Tender: greater than 300,000.00 Birr

1. Requesting unit fills the Purchase Requisition (PR) correctly.
2. The CEO approves the PR/TOR and sends it to the Finance and Administration Division for budget clearance. The Finance and Administration Division sends the PR/TOR to the Administrative Assistant.
3. The Finance and Administration Division prepares bid documents and passes it to the CEO for approval.
4. After the approval of the CEO, finance and administration office checks completeness of PO/TOR and send it to public media/selected suppliers/restrict bid.
5. The Finance and Administration Division prepares tender box, sell bid documents for suppliers and registers suppliers for submission of bid documents.
6. The Procurement Committee opens the bids as deemed necessary in the presence of the suppliers or their legal representatives.

7. The Procurement Committee evaluates the bid, selects the winning supplier and sends the documents (PR, Tender documents, Procurement Committee minutes and expert opinion) to the CEO for approval. (For purchase greater than Birr 1,000,000.00 the approval of PC recommendation will be approved by the President or his/her delegate after the verification of the CEO).
8. The Finance and Administration Division prepares contracts and purchase order, gets the supplier's signature on the contract and sends the documents to the CEO for approval of the contract.
9. The Finance and Administration Division gets performance and advance payment bond from the supplier as deemed necessary and then gives the PO and copy of the contract to the supplier. S/he writes letter of thanks of participation to the unselected suppliers. S/he writes a memo to finance requesting to prepare payment voucher for the advance payment according the contract agreement.
10. Finance prepares purchase voucher for the purchase advance.
11. Finance prepares and issues check to the supplier/service provider.
12. The Storekeeper receives goods and prepares receiving report (RR) and sends the report to the Finance and Administration Division for approval and delivers the goods to the users.
13. The Storekeeper sends the RR and SIV invoice to Finance.
14. Finance settles the advance payment, and the order is closed.

NB: For service procurements, the deliverables need acceptance from respective divisions as per the contract agreement.

Foreign procurement: EEA may involve in procurement through international markets when there are rare product needs such as genuine software or books, or when there is an insufficient domestic capacity observing the trade and tax laws of the country.

8. Receiving and Store's Issuance Process

8.1. Receiving Process

Receiving is the first step in establishing physical accountability for property. The process ensures that the correct item is received and is in good working order. Receiving and acceptance of ordered items in a timely manner directly impacts warranty periods for assets. In case of damaged goods, it also affects the period during which any liability claims may be processed.

Procedure for Receiving Property

All items must undergo the following receiving process:

1. The Storekeeper cross-checks received goods against the PO and Purchase Invoice, asking the following questions:
 - 1.1. Is there external package damage?

- 1.2. Does the package contain all necessary documentation, such as a packing list?
- 1.3. Is this the exact item described on the purchase order?
- 1.4. Was the correct quantity of items shipped?
- 1.5. Are all components included?
- 1.6. Are all items and components in good condition?
- 1.7. Were any items received that were not ordered?
2. Store/user receives goods.
3. The Storekeeper prepares and signs the receiving report (RR) and has it signed by store/user.
4. The Storekeeper submits the RR, PO, and the purchase invoice to the Administration and Finance Division for approval.

8.2. Store's Issuance Process

1. User completes Store Requisition (SR).
2. The Administration and Finance Director approves the SR and sends it to the Storekeeper.
3. Storekeeper informs users that they may collect goods requested.
4. Users collect the goods requested.
5. The Storekeeper passes the copy of the SIV to Finance.

9. Procurement Formats

1. Request for Quotation
2. Purchase Order
3. Details of Contract Format

ETHIOPIAN ECONOMICS ASSOCIATION
REQUEST FOR QUOTATION

Date: _____

Req. No.: _____

To: _____

Dear Sir/Madam:

Please quote the prices for the items listed below

S/ N	Item Code	Description	Unit of count	Quantity	Unit cost	Total cost	Remark

Please ensure that your quotation covers the following:

1. Price validity
2. Payment terms
3. Guarantee period

Prepared by
Purchase Unit

Approved by
CEO

Distribution

1. Copy Vendor
2. Copy Purchase
3. Copy Finance
4. Copy Pad

ETHIOPIAN ECONOMICS ASSOCIATION

PURCHASE ORDER

To: _____

Order No. _____

Date _____

Terms of Delivery _____

Date of delivery _____

Place of delivery _____

Guarantee Period _____

Terms of Payment:

Cash Check Credit

Please supply the under mentioned items as per your proforma invoice/quotation no. _____ Date _____ in accordance with terms and condition stated.

S/N	Item Code	Description	Unit	Quantity	Unit cost	Total cost	Remark

(for office use)

Requested by: _____ Req. No. _____

Charge to: _____

Check No. _____

Purchase order No: _____

Order from _____

EEA Purchasing Agent

Name Signature Date

Countersigned

Name Signature Date

Distribution:

1. Copy Vendor
2. Copy Finance
3. Copy Purchasing
4. Copy Stores
5. Copy Requesting unit

Details that contracts must cover

- | No. | Area that must be covered |
|-----|--|
| 1. | Preamble |
| 2. | General provisions i.e.
Definitions
Law governing the contract
Taxes and duties
Notice |
| 3. | Scope of the supplier's obligation |
| 4. | Obligation of EEA |
| 5. | Contract price and terms of Payment |
| 6. | Performance bond |
| 7. | Inspection and testing |
| 8. | Delivery and condition of delivery |
| 9. | Packing and identification |
| 10. | Packing list |
| 11. | Shipping |
| 12. | Submission of shipping document |
| 13. | Insurance |
| 14. | Clearing, forwarding and inland transport |
| 15. | Penalties |
| 16. | Guarantees |
| 17. | Force majeure |
| 18. | Cancellation of contract |
| 19. | Settlement of disputes |
| 20. | Amendments |