



CRIDF Procurement Guidelines

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Disclaimer

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Introduction and Background

The overriding principles of the CRIDF procurement process are that it must be fair, equitable, transparent, competitive and cost effective. Significant value for money gains or losses are realised during the procurement process. All CRIDF PMU members, consultants and implementing agents of CRIDF shall abide by the provisions of the CRIDF Standard Operating Procedures (SOP), the UK Anti-Corruption Forum “Guidance on the Bribery Act 2010 for the Infrastructure Sector and the UK Bribery Act 2010. The latest revision of the SOPs can be found on SharePoint.

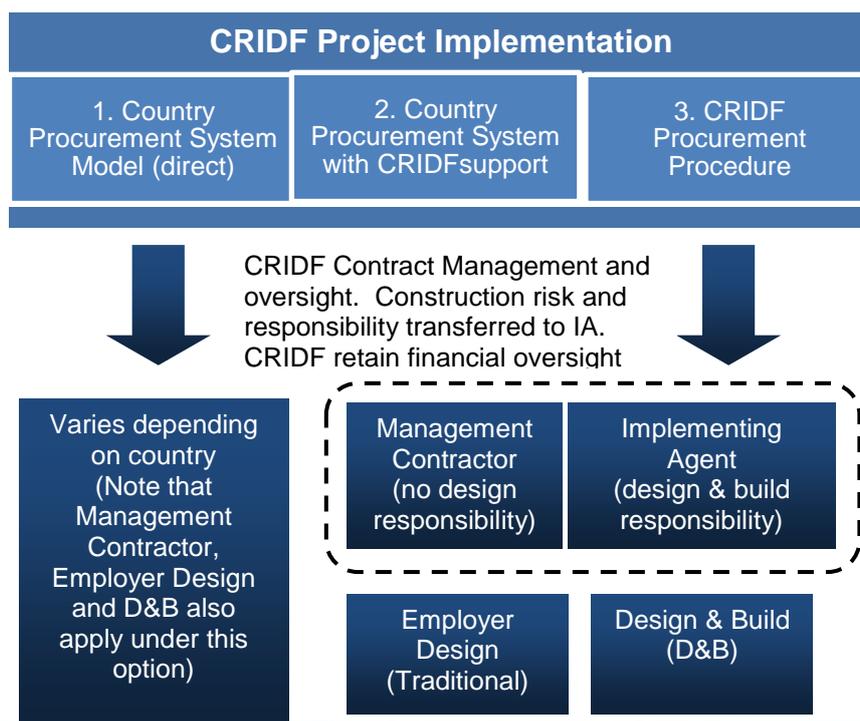
Procurement is most likely to happen following CRIDF project lifecycle Stage 3, Financial Closure (e.g. survey works to progress feasibility) and Stage 4, Implementation (delivery of capital works). The CRIDF Procurement Policy provides the overarching procedures and principles and should be referred to for detailed guidance. This guide is intended to provide a brief overview for Portfolio Teams, outlining basic steps to undertake procurement activities on infrastructure projects. The following is covered:

- Services required to develop project feasibility and design – e.g. LiDAR survey, and;
- Construction works – e.g., appointing a contractor to complete construction work and/or procurement of services or goods.

Professional services on CRIDF projects are performed by the CRIDF pool of experts already procured by DFID through the contract with ASI. In instances where a service is required that does not exist within the pool or by addition of a consultant to the pool, then this service may be outsourced through a procurement process. If this situation arises, refer to CRIDF Procurement Policy and seek advice from the Procurement Manager.

CRIDF infrastructure projects can be implemented by one of the options below:

Figure 1 CRIDF Implementation Methods



It is CRIDF's preference to retain full control of funds when implementing projects. The first option is to implement through CPS if due diligence assessment deems this appropriate. The second preferred option would be to implement through CPS providing necessary support as outlined in the due diligence assessment. If the due diligence assessment is unfavourable and does not allow for implementation through CPS or CPS with support then the CRIDF procurement approach will be taken. As part of CRIDF's risk management approach it is preferred not to appoint construction contractors directly. Accordingly, CRIDF would choose to implement through a management contractor (MC) or implementing agent (IA) with CRIDF retaining oversight. The choice of MC or IA route will be set out in the procurement policy for a project and will depend on the degree of control that CRIDF wishes to retain vs. transfer of risk. For example, CRIDF may require retaining full control of the detail design and opting for the MC route. In this case the MC would be appointed to manage the construction using a CRIDF provided design. In this instance CRIDF would retain the design risk. If CRIDF wishes to transfer the design risk to the contractor then the IA method would be used. The IA would take overall design and build responsibility for the project. The Procurement Manager and Chief Engineer will advise on the most appropriate approach based on the project requirements during development of the procurement strategy.



Infrastructure Procurement

2.1 Roles in the Procurement Process

Table 1 below outlines the roles and responsibilities of the key parties involved in the procurement process.

Table 1 **Summary of Procurement Roles**

PMU Member	Description of Role in Procurement Process
DFID Representative	<p>Provides no objections at defined points in the process. DFID “no objection” points are summarised as follows:</p> <ul style="list-style-type: none"> • A change to Procurement Policy – No objection • Procurement Strategy – No objection • Single Sourcing – No objection • Tender Evaluation Report, following contract negotiations and prior to award – No objection • Variation of 50% or more on contract value and / or programme during construction phase. <p>*DFID is kept informed through the PDMS and can make comments at any time they deem fit.</p>
Programme Director	Signs contracts on behalf of CRIDF (ASI) above or equal to £100,000 GBP
Senior Programme Manager	Provides approvals at defined points in the procurement process. Signs contracts on behalf of CRIDF (ASI) under £100,000 GBP.
Finance Director	Financial oversight, undertakes budget and financial approvals, payment authorisations.
Technical Director	Sits on the Procurement Committee to undertake final approval of final tender evaluation report.
Chief Engineer	Oversight of the procurement process, responsibility for technical approval of outputs from the procurement tasks. Appoints teams to undertake procurement activities on individual projects and approves procurement and contracting strategies, procurement documents, tender evaluation report, for each project.
Procurement Manager	Reports to Chief Engineer. Maintains the PDMS and liaises with the Programme Management team. Develops the procurement strategy for a project. Develops procurement documents (tender packages, PQQs), runs tender evaluations, develops tender evaluation reports (or mentors others in this process). Mentors portfolio teams and IA / MC through the procurement process. Provides support to implementation through CPS.



Portfolio Lead	Identifies the need for procurement. Provides updates to the Procurement Manager on programme and issues. Oversight of design and specification production. Provides technical information to Procurement Manager for procurement document compilation (drawings, specifications). QA's technical deliverables for tender packages.
Contract Manager (Resident Engineer)	Responsible for all contract administration following contract award. Reports on progress and issues to the Procurement Manager and Chief Engineer. This person may be from CRIDF or may be seconded by a Beneficiary Entity depending on contract / project.
Procurement Committee	The Senior Programme Manager, Chief Engineer, Technical Director, Finance Director will form the Procurement Committee with the Procurement Manager as secretary. This committee will be responsible for sign off of the final Tender Evaluation Report prior to contract signing . The Chief Engineer will undertake his review and approval in advance confirming that technical matters are in order. The committee will either meet in person, or the sign off will be undertaken through SharePoint (depending on the sensitivity and complexity of the project).

2.2 Identify the Need

During the course of CRIDF project development, for example, to achieve Stage 3 Financial Closure, it may be necessary to procure services required to assist a project progressing to bankability assessment through procurement of LiDAR or soil surveys. Then, as CRIDF projects reach Financial Closure there will be a requirement to plan for construction works procurement. Sufficient time should be allowed in the project programme to allow for procurement. The Chief Engineer and Procurement Manager can advise on this to ensure the programmes are achievable and realistic. The value of the goods or services required, and associated risk, will be a key factor in determining the procurement timescales. This is discussed further in paragraph 2.4, which describes procurement thresholds.

2.3 CRIDF Risk Management Strategy

Under the CRIDF contract between ASI and DFID, ASI is a full Service Provider, who is contracted with full responsibility from project identification, selection, design, construction to commissioning. With ASI and its partners being consulting companies, CRIDF has devised an implementation strategy that is informed by appropriate risk management. The risk management philosophy is anchored on the three pillars:

1. Risks that CRIDF is willing to retain,
2. Risks that CRIDF seeks to transfer and
3. Risks that CRIDF seeks to share with both DFID and the Beneficiary entities.

CRIDF would ordinarily retain design risk (objective, technical, time) when the design capacity exists within itself. It is the default position that all construction risk is transferred to Contractors, who commonly carry that risk in the course of their business. Risks associated with finance, jurisdictional / ownership, environmental and

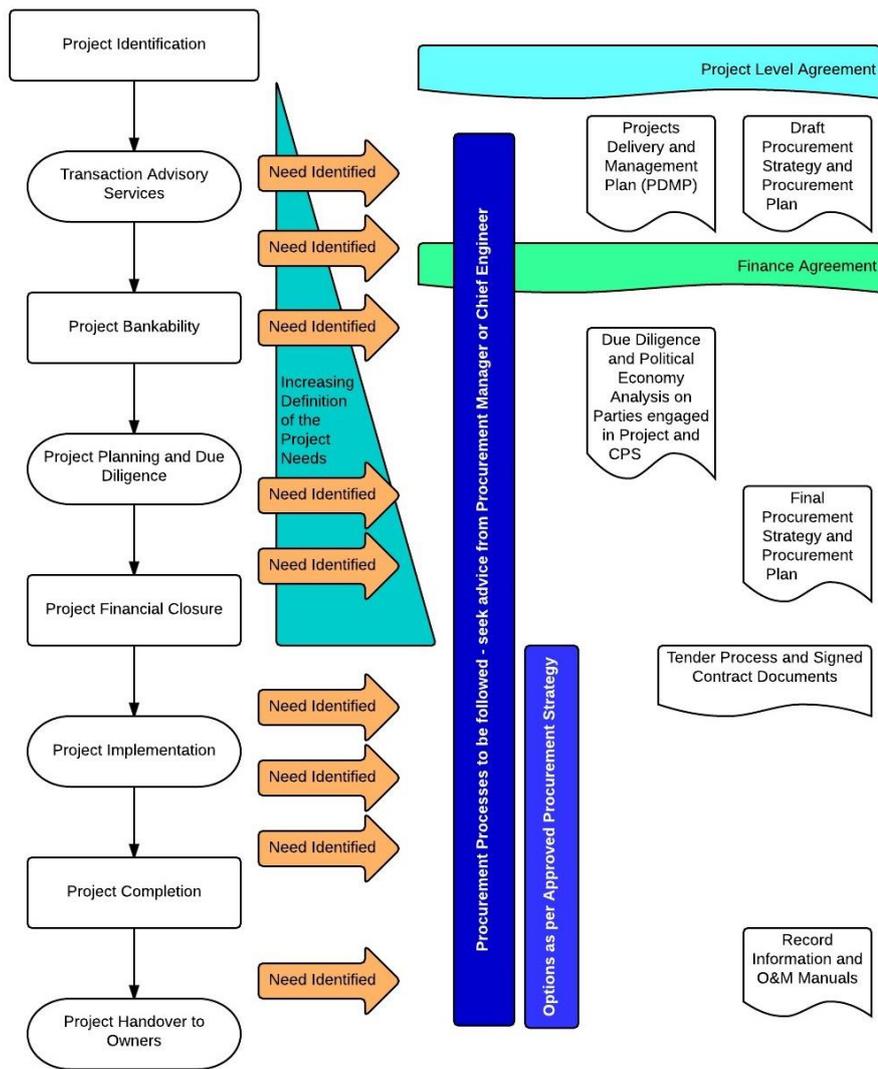


political issues are to be shared between CRIDF, DFID and project beneficiary entities. The Project Procurement Strategy will capture and deal with these issues appropriately.

Except in exceptional cases, a Project Level Agreement shall be in place at Financial Closure. No project shall proceed to procurement until the PLA is concluded. The PLA will detail procurement and implementation arrangements between CRIDF, the identified 'Employer' and any relevant authorities. Where a PLA is deemed neither relevant nor required (under approval by the Chief Engineer), any such obligations shall be allocated to the Contractor or another agency as appropriate.

Figure 2 provides an overview of the CRIDF project development process and when procurement needs may be identified.

Figure 2 Overview of CRIDF Project Development Process



Draft procurement plans should be defined as early as possible in the project lifecycle as the route chosen can influence other factors such risk transfer, value for money, outturn cost and design requirements. When the need for procurement is identified this should be discussed with the Procurement Manager who will develop the draft procurement strategy for approval by the Chief Engineer. At this stage, the Chief Engineer will also provide advice on undertaking Due Diligence and Political Economy Assessment.

2.4 Procurement Delivery Management System

The Procurement Delivery Management Schedule (PDMS) is a database, planning, management and reporting tool developed and maintained by the Procurement Manager. It is also used as a reporting tool to inform DFID of procurement activities quarterly and track progress of procurement activities internally within CRIDF.

2.5 CRIDF Procurement Thresholds and Procedures

Procurement thresholds have been agreed by CRIDF internally. This allows simpler processes for small value, lower risk procurement tasks, and robust processes for higher value and higher risk procurement. It is not permitted to split projects into packages to fit beneath the thresholds. These values are to be adhered to where CRIDF funds are employed, with or without co-funding from another organisation. Table 2 outlines a summary of the thresholds applicable to the various procurement procedures that are agreed.

Table 2 **Thresholds relating to different procurement procedures and description**

Procedure and description of applicable situation for use	Goods and Equipment	Outsourced Services	Infrastructure Delivery (Works)
Negotiated Procedure			
<p>Negotiated* - where a tender offer is solicited from a single source: Permitted in the following situations:</p> <ol style="list-style-type: none"> 1. Rapid response required due to imminent risk or extreme emergency situation (human injury, death, suffering, deprivation of human rights, serious damage to property or financial loss, livestock or animal injury suffering or death, serious environmental damage, interruption of essential services). 2. Works cannot be separated from another contract by same contractor 3. Only one contractor identified as having skills / qualifications. 4. Below procurement threshold 5. Works procured is similar to works previously executed by contractor on 	<p>DFID prior written consent required to proceed with this procurement procedure. The Chief Engineer or Procurement Manager must secure this permission, setting out clear reasons why this is required. DFID approval timeline is 5 working days.</p>		



<p>CRIDF in last 2 years and not in interests to solicit other offers.</p> <p>6. Professional services under threshold based on time and proven cost</p> <p>7. Nature of construction works, goods, services or risks do not permit prior overall pricing, e.g. insufficient detail for pricing.</p> <p>8. Only one responsive tender received.</p> <p>9. Special conditions exist that disadvantage open or other methods of procurement. This will be identified in the DD/PEA</p>			
Competitive Selection Procedures			
<p>Nominated Procedure** where Tenderers that satisfy prescribed criteria are entered into a database. Tenderers are invited to submit tender offers based on search criteria and, their position in the database. This will only be used if under CPS there is a pre-existing shortlist. It is very unlikely to be used under CRIDF procurement and more likely to be used under CPS.</p>	<p>DFID prior written consent required to proceed with this procurement procedure. The Chief Engineer or Procurement Manager must secure this permission, setting out clear reasons why. DFID approval timeline is 5 working days.</p>		
<p>Open Tender - for any procurement where it is expected that the cost of advertising or evaluation will not be excessively high in proportion to the cost of the works e.g. where a reasonable number of tender responses are expected for a given project (e.g. 6 or less). This is suitable for most procurement situations.</p>	Over GBP 25,000	Over GBP 25,000	Over GBP 50,000
<p>Qualified Procedure – Call for Prequalification is advertised, those meeting the criteria (at least 3) will be invited to submit a response to the Invitation to Tender (ITT). Generally used where:</p> <ol style="list-style-type: none"> 1) a contractor requires a high degree of specialised input or requires skills and expertise that is not readily available, 2) a contractor requires exceptional management skills or quality, 3) it is desirable, in a large programme, to link packages of work to tenderers who have the appropriate capacity and capability to compete against each other, 	Over GBP 25,000	Over GBP 25,000	Over GBP 50,000



<p>5) the time and cost required to examine and evaluate a large number of tender offers would be disproportionate to the procurement,</p> <p>6) for practical reasons, it is necessary to limit the number of tender submissions that are received, or the goods or services are not freely available in the market</p> <p>This is less likely to be used on CRIDF; however, provision is included in the event that it is selected for certain projects. Where this process is proposed over the open tender process, the Procurement Manager will set out a robust motivation for this.</p>			
<p>Constrained Quotation Procedure Invited >3 quotes – used for goods and consultancy services. Generally used for low value procurement. May be used where there are a limited number of companies offering such services (e.g. LiDAR surveys). Short / simplified procurement documents will require to be prepared to allow prices to be obtained.</p>	Under GBP 25,000	Under GBP 25,500	Under GBP 50,000
<p>Quotation Procedure (minimum 3 Quotes) - used for goods and consultancy services. Generally used for low value procurement. May be used where there are limited companies offering such services (e.g. LiDAR surveys)</p>	Under GBP 12,500	Under GBP 12,500	Under GBP 30,000
<p>Shopping Procedure. This is Single Sourcing for low value items, e.g. purchase of a new computer, low value consultancy services) e.g. Supplies contract which involves readily available goods below the thresholds opposite.</p>	Under GBP 2,500	Under GBP 5,000	Under GBP 10,000

Values quoted are contract values, including all taxes.

*Prior approval will always be sought

**All appointments under this procedure must be approved by CRIDF

2.6 CRIDF Implementation Models

The general subset of procurement routes and associated forms of contract that are most likely to be used on CRIDF are as follows:



Where CPS is used the relevant general contract conditions of the CPS may be adopted. These will most likely be based on one of the FIDIC contracts. FIDIC is the International Federation of Consulting Engineers.

CRIDF will always seek to have the "owner" sign as the Employer in CRIDF model of procurement. In this case CRIDF will be both the Financier and Procurement Agent, even though these functions are separate. The PLA and FA for a project will spell out these arrangements for each project.

The standard forms of contract for use on CRIDF projects will generally be the FIDIC forms. FIDIC is preferred, with NEC being used where contractor capacity is proven. CRIDF has purchased FIDIC contracts for use in the PMU, these are held by the Procurement Manager. The form of contract will be selected based on the method of procurement.

In situations where CPS cannot be used CRIDF will implement through a MC or IA arrangement. Where CRIDF retains the design responsibility (employer design), a MC will be engaged using CRIDF Procurement Policy. Where it is preferable to transfer design and build risk to the contractor, then an IA is engaged, again following CRIDF Procurement Policy.

For Management Contractor / Implementing Agent Appointment one of the following will generally be adopted:

- NEC Option F, Management Contractor
- FIDIC Silver Book, 1999 (EPC, Turnkey)
- FIDIC Green Book, 1999 (Short Form) (can be used on employer design or design & build)
- Framework Contractual Arrangement

Where the MC / IA route is adopted the form of contract will be confirmed on a case by case basis by the Procurement Manager.

CRIDF may require a MC / IA on which contracts to use for his sub-contractors (e.g. FIDIC Green Book, NEC3 Short Form) or other CRIDF templates, but as a level of risk is being transferred as part of this implementation model, this will be the MC / IA's final decision. CRIDF will prefer MC / IA to engage construction contractors using FIDIC Green Book where possible. As background, the FIDIC Green Book 1999, can be used for a contract value of up to £0.5m. Where the value of the works exceeds £0.5m the Procurement Manager should be consulted to check suitability for the specific situation proposed.

FIDIC Red Book, 1999 may be used in some situations, but its application is most likely to be under a CPS rather than CRIDF procurement.

In both MC and IA cases, separation of material supply, labour only, plant hire and other service contracts are preferred to ensure value for money. 'Supply and fix' contracts are not preferred. This promotes CRIDF's secondary objectives of poverty alleviation and capacity building through employment of locals.

The use of other standard forms of contract will require approval from the Procurement Manager and Chief Engineer. In all cases the form of contract proposed for a project shall be set out in the procurement strategy and approved through that.

Standard forms of contract shall be used with minimal specific conditions to meet the needs of a project. Specific conditions or variations to the standard clauses will be made by the Procurement Manager and approved by the Chief Engineer during procurement document development.



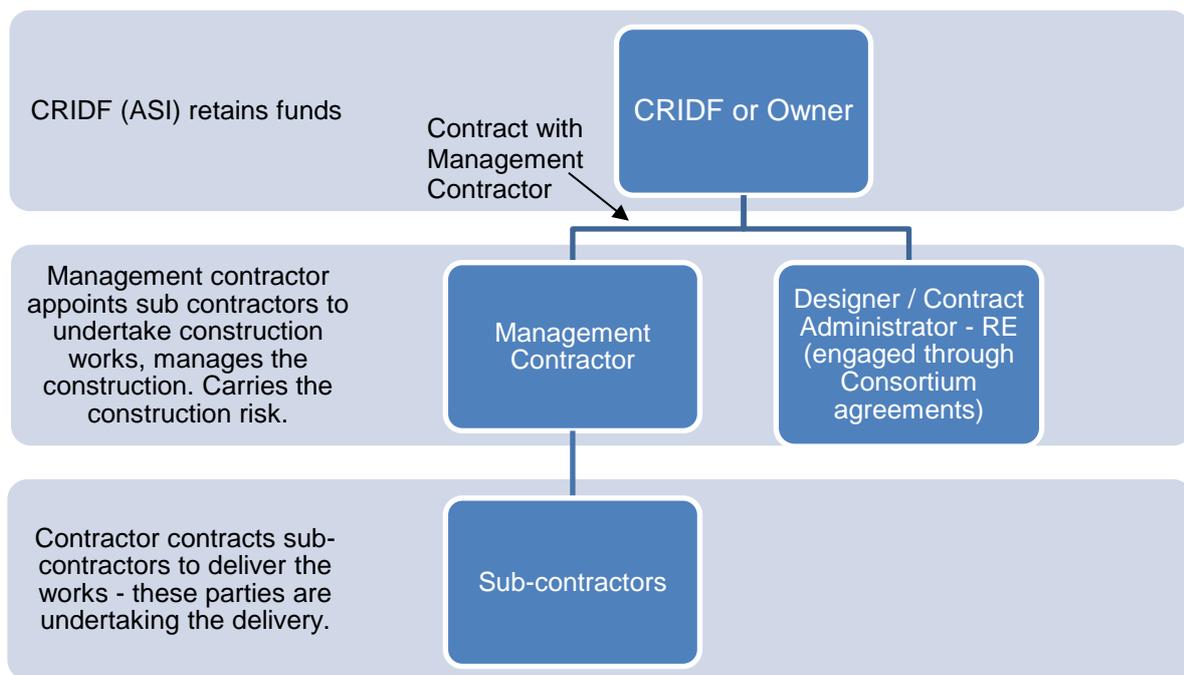
It is important that specifications and contract documentation is developed with the ability of the contractor base in mind.

The sections that follow provide a brief overview of the processes that can be used for infrastructure procurement.

2.6.1 Management Contractor - Employer Design (traditional)

This will be the most common approach taken on CRIDF projects that are not implemented through CPS. This approach separates design and construction activities into stages – design, tender, construct. CRIDF appoints consultants (CRIDF pool or outsourced) directly to prepare the detailed design. The employer (ASI) appoints a MC to manage the construction process and implement on the basis of the detailed design provided. In this situation CRIDF retains the design risk and the contractor takes on the construction risk. This approach is commonly used for projects where cost certainty and programme is important.

Figure 3 Employer Design (Traditional Contract)



2.6.2 Implementing Agent - Design and Build

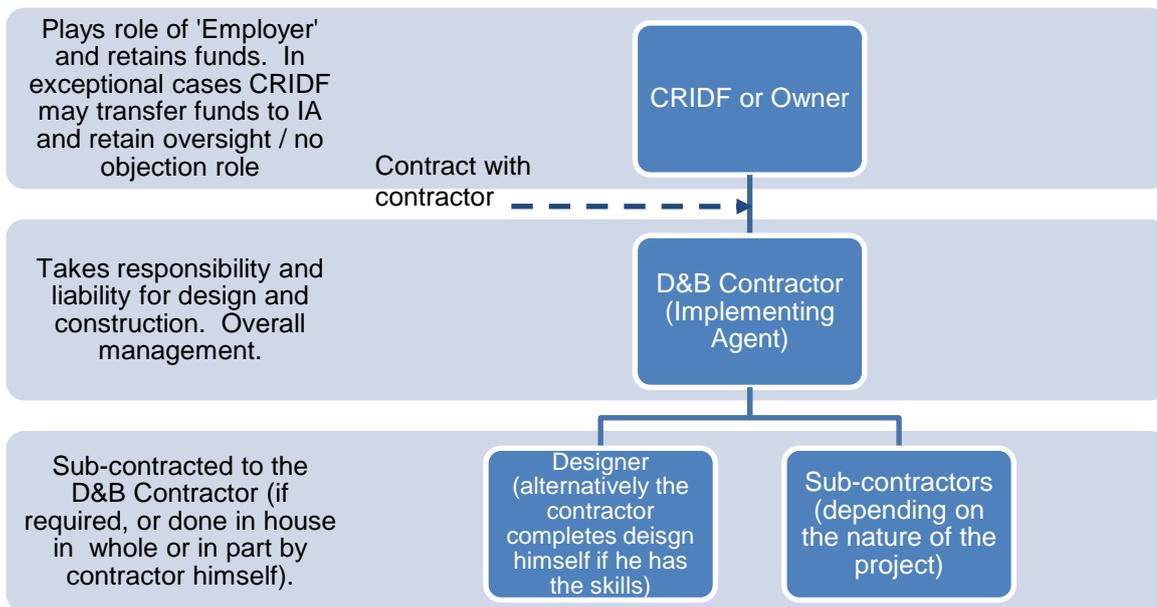
This method involves the contractor being responsible for the design as well as construction. It is suitable for clients who do not wish to retain a tight control on design. It is also good for cost certainty and 'arm's length' implementation. In this case the contractor will either complete the design in house, or sub-contract a designer. He will also employ sub-contractors to undertake parts of the works / supply of equipment. This approach transfers all the major risks to the contractor. Design changes made by the employer can result in greater expense so it is important that the scope is well developed when tendering for the IA. A slight variation on this



method could involve CRIDF undertaking a concept design and the contractor completing detailed design. There is one contract between the employer and the contractor. The contractor appoints the sub-contractors and the designer. Cost certainty is more difficult to pin down prior to construction commencement as start on site will often proceed in advance of design being fully complete. However, the overall programme may often be shorter due to this overlap.

In CRIDF's case, the engagement of an IA will be through Framework Contracts, i.e. zero value main contracts with package orders (aka task orders) constituting priced draw down contracts for defined scope of services, goods or works. These draw down contracts maybe based on short forms for service or works contracts, or bespoke framework contracts.

Figure 4 Overview of Implementing Agent (Design and Build) Model

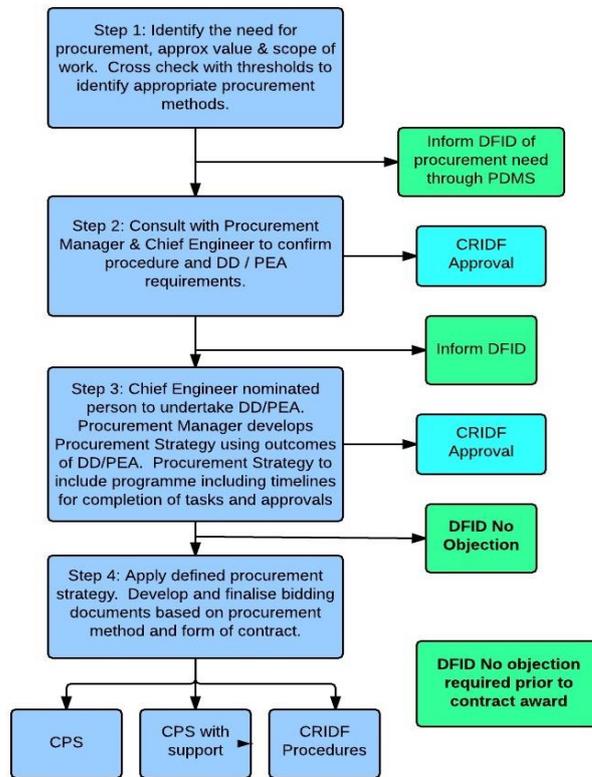


2.6 Tender Stage

To reach tender stage the following activities steps need to be undertaken.



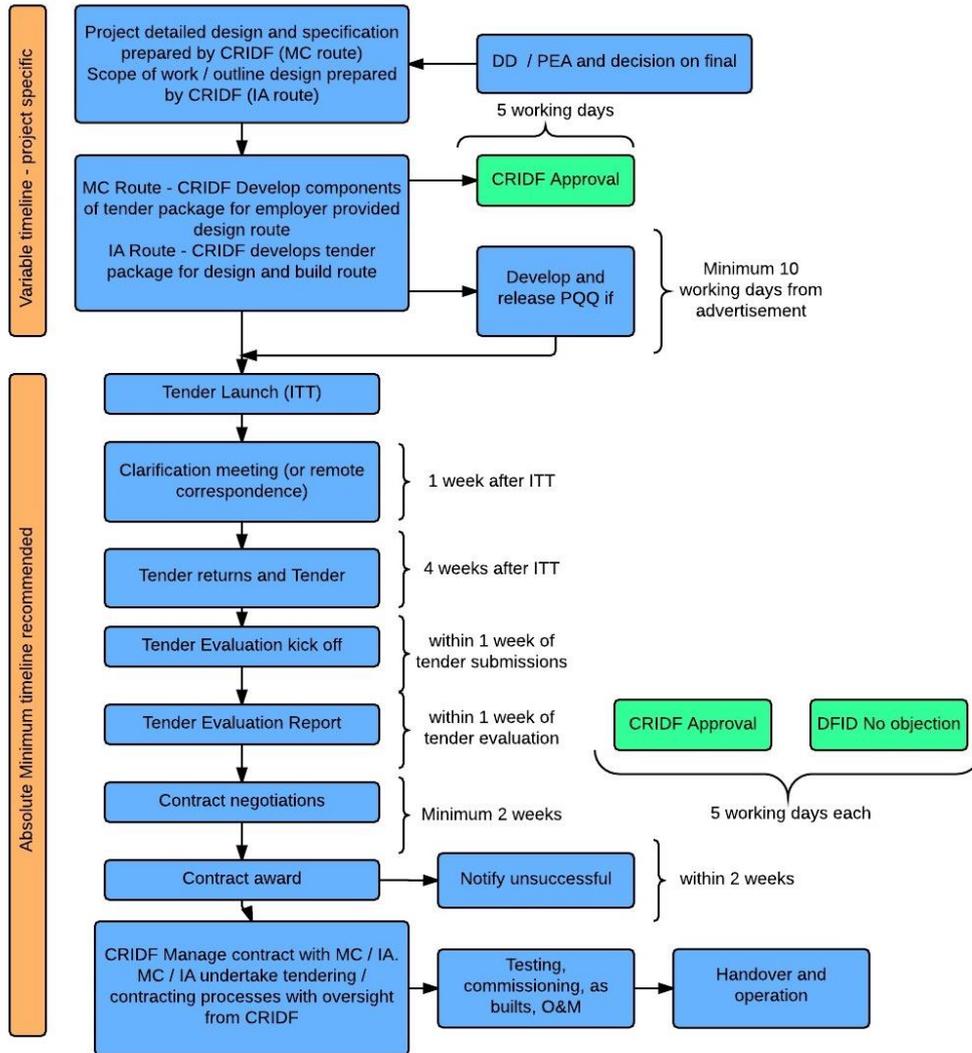
Figure 5 Procurement Flow Chart Overview



In the case of implementation through CPS, CRIDF may need to provide the necessary inputs to support the technical tender development, and as a minimum, approve the overall packages prior to tender launch. Figure 6 provides a diagrammatic illustration of a typical tender process. The timelines shown below should be the minimum adopted. Note that the relevant procurement templates are under development by the Procurement Manager.



Figure 6 General Tender Process and Minimum Timelines (Infrastructure and Survey works)



2.7 Advice and Guidance

The Procurement Manager and Chief Engineer should be consulted by teams during the procurement process and at the approval points noted in the diagrams and where advice is required during project development.



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