

NORDIC DEVELOPMENT FUND
General Procurement Guidelines
for
Grant-financed Projects

1. General

Nordic Development Fund (NDF) established in 1989 is a multilateral development financing institution owned by the five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) promoting economic and social development in developing countries by providing concessional credits and grants. NDF credits and grants are provided by way of co-financing with another multilateral or bilateral financier (hereinafter referred to as the Lead Agency), eventual other financiers and the recipient country.

The Grant Agreement governs the legal relationships between the Recipient and NDF. The present General Procurement Guidelines apply to procurement of goods, works and services, as provided for in the Grant Agreement. The rights and obligations of the Recipient (or the Implementing Agency) and the providers of goods, works and services for the project are governed by the contracts signed by the Recipient (or the Implementing Agency) with the providers of goods, works and services, and not by these Procurement Guidelines or the Grant Agreement.

The general procurement principles of NDF follow internationally recognised practice, e.g. as used by the World Bank and the Regional Development Banks and include (i) ensuring economy and efficiency in the procurement of goods, works, and services; (ii) giving eligible bidders from developed and developing countries a fair opportunity to compete in providing goods, works, and services financed by NDF; (iii) encouraging the development of domestic industries--contracting, manufacturing, and consulting industries--in recipient countries; and (iv) providing for transparency in the procurement process.

It is the policy of NDF to require that Recipient/Implementing Agency (including beneficiaries of NDF's grants), as well as bidders/suppliers/contractors under NDF-financed contracts, observe the highest standard of ethics. To avoid corrupt and fraudulent practises during the procurement and execution of such contracts a clause to this effect shall be included in the contracts in accordance with the procurement guidelines of the Lead Agency.

2. Eligible Bidders

In general, firms from any country shall be eligible for award of contract for goods, works or services to projects under NDF grant funding.

In cases defined in the guidelines of the Lead Agency, domestic preference may be applied to firms of the Recipient country.

3. Eligible Goods, Works and Services

In general, goods, works and services from any country shall be eligible for NDF grant financing.

In cases defined in the guidelines of the Lead Agency, domestic preference may be applied to goods manufactured in the Recipient country.

4. Procurement of Goods, Works and non-Consultant's Services

The procurement of goods, works and services (other than consultants' services) shall mainly be based on International Competitive Bidding (ICB). As appropriate, other methods of procurement may be applied in accordance with the guidelines of the Lead Agency.

In principle, procurement of goods, works and non-Consultant's Services under NDF grant funding shall follow internationally recognised practice such as the practice used by the World Bank¹ and the Regional Development Banks. Unless otherwise stated in the Grant Agreement or later approved by NDF, the procurement procedure under NDF grant funding shall be **International Competitive Bidding**, usually based on open bidding and post-qualification of lowest evaluated bidder. In exceptional cases, prequalification of bidders may be applied. Invitations for Bids under International Competitive Bidding shall be published in media with wide distribution such as Development Business On-line and dgMarket and shall be distributed to all eligible bidders who have expressed their interest in the project to the Recipient/Implementing Agency or NDF, and to all Nordic Embassies or Consulates in the Recipient country. NDF may forward the Invitation for Bids to the Nordic Export Councils, branch organisations and other interested parties in the Nordic countries.

Other Procurement Procedures

Limited International Bidding. Goods and non-Consultant's Services which NDF agrees can only be purchased from a limited number of suppliers may be procured under contracts awarded on the basis of Limited International Bidding.

National Competitive Bidding. Goods, Works and non-Consultant's Services estimated to cost less than the threshold equivalents per contract defined in the Grant Agreement, may be procured under contracts awarded on the basis of National Competitive Bidding.

Shopping. Goods, Works and non-Consultant's Services estimated to cost less than the threshold equivalents per contract defined in the Grant Agreement, may be procured under contracts awarded on the basis of Shopping.

Direct Contracting. Goods, Works and non-Consultant's Services which NDF agrees meet the requirements for Direct Contracting, may be procured in accordance with the provisions of said procurement method.

Procurement from UN Agencies. Goods which the NDF agrees may be procured directly from United Nations Agencies, in accordance with the provisions of the Procurement Guidelines, or as otherwise agreed by NDF.

The bidding documents shall give all relevant information on the procurement and shall clearly state the type of contract(s) to be entered into, specifications, time for delivery, terms of delivery etc. NDF encourages Recipients/Implementing Agencies to use, as far as possible, the relevant Standard Bidding Documents prepared by the Lead Agency, adjusted to be compatible with these Procurement Guidelines and/or to meet any specific requirements made by NDF.

In the evaluation of bids the Recipient/Implementing Agency shall ensure that economy and efficiency in the execution of the project is secured by evaluating the qualification of bidders, by securing that the offered goods and works comply with the technical specifications, and by selecting the bid with the lowest evaluated bid price among the responsive and qualified bidders.

¹ as described in the World Bank document: Guidelines: Procurement under IBRD Loans and IDA Credits (latest edition)

5. Procurement of Consultants' Services

Procurement of consultants' services shall mainly be based on Quality- and Cost-based Selection (QCBS) among qualified shortlisted consulting firms from any country. As appropriate, other methods of procurement may be applied in accordance with the guidelines of the Lead Agency.

The general principles for selection of Consultants follow internationally recognised practice such as the practice used by the World Bank² and the Regional Development Banks. Normally not less than three and not more than six interested, qualified and eligible consulting firms shall be requested to submit proposals for **Quality- and Cost-based Selection (QCBS)**. NDF will, on request from the Recipient/Implementing Agency, assist in the preparation of a shortlist or a long list of firms. The shortlist of consultants for services estimated to cost less than the threshold equivalent per contract defined in the Annex of the Grant Agreement may comprise of entirely national consultants.

The Recipient/Implementing Agency shall prepare the Request for Proposal with all relevant information including terms of reference, the proposed contract, and the list of consultants requested to submit proposals. NDF recommends that the relevant standard format of Request for Proposals (RFP) of the Lead Agency be used as far as possible, adjusted to be compatible with these Procurement Guidelines and/or to meet any specific requirements made by NDF.

In selecting consultants, the Recipient/Implementing Agency shall ensure quality, economy and efficiency in the execution of the project. The evaluation of proposals shall follow the method specified in the RFP and ensure that the quality of services and nominated personnel are satisfactory.

Other Procedures

Selection Under a Fixed Budget. Services for assignments which NDF agrees meet the requirements of paragraph 3.5 of the World Bank Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of the WB Consultant Guidelines.

Least-cost Selection. Services for assignments which NDF agrees meet the requirements of paragraph 3.6 of the World Bank Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of the WB Consultant Guidelines.

Selection Based on Consultants' Qualifications. Services estimated to cost less than the threshold equivalent per contract defined in the Grant Agreement may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the WB Consultant Guidelines.

Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the World Bank Consultant Guidelines for Single Source Selection, may, with the NDF's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the WB Consultant Guidelines.

Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the World Bank Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the WB Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the WB Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

² as described in the World Bank document: Guidelines: Selection and Employment of Consultants by World Bank Borrowers (latest edition)

6. Responsibilities of the Recipient/Implementing Agency

The Recipient/Implementing Agency is responsible for the procurement and shall ensure that these Procurement Guidelines are followed in all procurement under the NDF Grant. In particular the following considerations shall be made:

- (i) Eligible and qualified bidders from Nordic, other developed and developing countries are given a fair opportunity to compete in providing goods, works and services for the project;
- (ii) Invitations for Bids, Bidding Documents, Requests for Proposal and shortlists of firms for contracts with estimated contract values above the thresholds defined in the Grant Agreement, shall be subjected to prior review and no objection given by NDF before inviting for bids or requesting for proposals;
- (iii) For goods and works contracts with estimated contract value above the threshold defined in the Grant Agreement, the bid evaluation reports for goods, works and non-Consultant's services shall be submitted to NDF for prior review and no objection before award of the contracts. In cases where the evaluation report recommends further negotiations with the lowest evaluated bidder, such negotiations shall not take place before NDF has reviewed the evaluation report and agreed that such negotiations can take place. The deliberations of negotiations shall be recorded in writing and shall, together with the final conclusion, be sent to NDF for review and no objection prior to award of contract;
- (iv) For consultancy contracts with estimated contract value above the threshold defined in the Grant Agreement, the report on evaluation of Technical Proposals for Consultant's Services shall be submitted to NDF for prior review and no objection before opening the Financial Proposals. Similarly, the report on combined evaluation of Technical and Financial Proposals shall be submitted to NDF for prior review and no objection before starting contract negotiations and award of the contract;
- (v) negotiated contracts with contract value above the threshold defined in the Grant Agreement shall be sent to NDF for prior review and no objection before being signed by the Recipient/Implementing Agency; and
- (vi) copies of all contracts, after being signed by the parties, shall be sent to NDF for information and records. No disbursements related to financing of a contract will be made under the NDF Grant before the executed contract is received by NDF

NDF's review and monitoring of, and no objection to, the various contracts, is made for ascertaining their eligibility for grant financing by NDF, and shall not make NDF a party to the contracts or create any liability for NDF vis á vis the parties to the respective contracts.