



# **DBZ PROCUREMENT GUIDELINES**

**RESPONSIBLE DEPARTMENT : PROCUREMENT**

**AUGUST, 2020**

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## **DEFINITIONS**

In this manual, unless otherwise the context requires, the following are the definitions

1. “Best evaluated bidder” means the bidder ranked as first, following the application of the specified evaluation methodology and criteria.
2. “Bid” means an offer to provide goods, works or services submitted by a bidder in response to an invitation from a procuring entity and includes a tender, quotations and ,where applicable, an application to pre-qualify;
3. “Bidder” means a person or group of persons that offers to provide goods, works or services in response to an invitation from a procuring entity and includes, where applicable, a potential bidder and applicant to re-qualify;
4. “Contract” means an agreement between a procuring entity and a supplier for the provision of goods, works or services.
5. “Direct bidding” means a procurement method where a bid is obtained directly form a single bidder, without competition.
6. “Limited bidding” means a procurement method for goods, works and non-consulting services where bids are obtained by direct invitation to a shortlist of bidders, without open advertisement
7. “Limited selection” means a procurement method for consulting services where bids are obtained by direct invitation to a list of bidders without open advertisement.
8. “Open bidding” means a procurement method for goods, works and non-consulting services which is open to participation on equal terms by all eligible bidders through the advertisement of the opportunity;
9. “Open selection” means the procurement method for consulting services which is open to application for shortlisting on equal terms by all bidders through advertisement of the opportunity.
10. “Simplified bidding” means a procurement method which compares quotations form a number of bidders;
11. “Solicitation document” means a bidding document, a request or proposals, request for quotation and where applicable a pre-qualification document or document of any kind issued by a procuring entity, inviting bidders to participate in procurement proceedings
12. “User department” means any department, division, branch, section, or project unit of the procuring entity which initiates procurement requirements and is, or represents the end-user of the goods, works or services.

13. “Procuring entity” means a Government agency, parastatal body or any other body or unit established and mandated by Government to carry out procurement using public funds.
14. “Conflict of Interest” means any situation in which a party has interests or relationships that could improperly influence that party’s performance of official duties or responsibilities, contractual obligations or compliance with applicable laws and regulations.

## **A. INTRODUCTION**

- 1.1 The Development Bank of Zambia being a public institution is mandated to procure all goods and services in accordance with the provisions of the Public Procurement Act No. 12 of 2008.
- 1.2 The Public Procurement Act No. 12 of 2008 Section 13 makes Controlling Officers and Chief Executives of Government Departments responsible and accountable for ensuring that all the procurement of the procuring entity is conducted in accordance with the Act.
- 1.3 The Act and its regulations have further delegated these responsibilities according to various limits to designated officers and Committees.
- 1.4 These procurement guidelines shall be read in association with the Public Procurement Act No. 12 of 2008, Public Procurement Regulations of 2011, relevant statutory instruments and any circulars issued by the Zambia Public Procurement Authority (ZPPA) from time to time.
- 1.5 The Procurement procedures outlined in this manual shall also apply to all DBZ beneficiary institutions and executing agencies where applicable.

## **B. OBJECTIVE**

- 2.1 The Procurement objective is to procure supplies of specified quality, quantity within the specified delivery schedule and at a competitive price.
- 2.2 Public Procurement shall be governed by the following principles: -
  - a. Transparency;
  - b. Competition
  - c. Economy
  - d. Efficiency
  - e. Fairness;
  - f. Value for money; and
  - g. Accountability.

## **C. RESPONSIBILITY**

- 3.1 The responsibility to procure goods, works and services for DEVELOPMENT BANK OF ZAMBIA rests with the Procurement unit headed by the Head Procurement who reports to the Managing Director.
- 3.2 The Department is obliged to procure goods and services with efficiency, economy, value for money and integrity. The procurement function is essentially centralized.

## **D. PROCUREMENT AUDITS**

- 4.1 In ensuring compliance with the Public Procurement Act No. 12 of 2008 and the Public Procurement Regulations of 2011, the Zambia Public Procurement Authority shall institute procurement audits for the Bank in line with the Act.
- 4.2 DBZ Internal Auditors shall independently assess the adequacy and the effectiveness of the Internal Controls over procurement. These audits will be based on the Public Procurement Act No.12 of 2008 and its regulations.

## **E. CONFLICT OF INTEREST**

- 5.1 All members of staff appointed by the Managing Director as Evaluation or Procurement Committee members are required to declare interest in any procurement proceeding in accordance with the Anti-Corruption Commission Act No. 3 of 2012.

## **F. ROLE OF USER DEPARTMENTS**

- 6.1 The role of the user departments, in relation to procurement is to initiate procurement requirement and among other things provide technical inputs to the procurement process as outlined in the Public Procurement Act No. 12 of 2008, section 21.

## **G. DBZ PROCUREMENT COMMITTEE**

- 7.1 A Procurement Committee is a body given authority by the Public Procurement Act No. 12 of 2008 to approve Development Bank of Zambia procurements.
- 7.2 All procurements over K50, 000 and or as advised by Zambia Public Procurement Authority from time to time shall be submitted to the Procurement Committee for approval. The Procurement Committee shall comprise the following as stipulated in the Public Procurement Act No. 12 of 2008:
  - a. Managing Director – Chairperson of the committee
  - b. Not less than four (4) members and not more than eight (8) members, appointed by the Managing Director in writing. An appointed member of the Procurement Committee shall hold office for a period of three year and may be re-appointed for a further like period
  - c. Head Procurement Unit – Ex-officio member of and the Secretary to the Procurement Committee
  - d. Not more than two (2) external procurement members appointed from outside the procuring entity provided that the members are not public officers or employees of any parastatal body.
- 7.3 The Procurement staff shall upon receipt of a full evaluation report with all supporting documents, prepare a procurement committee paper.

- 7.4 The Procurement staff shall confirm the Procurement Committee Annual Meeting as per approved Annual Procurement plan.
- 7.5 The DBZ Procurement Committee is composed of the following members :
- a) Managing Director-Chairperson
  - b) Head Procurement -Secretary
  - c) Chief Finance Officer-Member
  - d) Head ICT-Member
  - e) External Members x 2
- 7.6 The Managing Director has the power to appoint or re-appoint members of a Procurement Committee.

## **H. PURCHASE REQUISITION PROCEDURES**

- 8.1 The identification of the need to procure goods and services is the responsibility of the user department. In the event that the identified need is a stock item, the user unit requests from stores.
- 8.2 The user department raises a Purchase Requisition to request the Procurement unit to make a purchase. A duly authorised Purchase requisition shall be authorised by Head of Department, and shall be submitted to Finance department for confirmation of budget and availability of funds before it is submitted to the Managing Director for final approval
- 8.3 Once the Purchase request has been approved by the Managing Director it shall be submitted to the Procurement Unit who will initiate the procurement process using the appropriate procurement method.
- 8.4 All requests shall be made in good time to allow the Procurement unit to procure goods, works or services in a timely and effective manner.
- 8.5 Upon approval the Purchase requisition shall be submitted to Head Procurement . The PR Form shall be reviewed based on the specifications and the estimated budget.
- 8.6 Details of the Purchase requisition shall be recorded in the Purchase Requisition book.

## **I. PROCUREMENT PLANNING PROCEDURE**

- 9.1 The Head Procurement shall, in consultation with user departments, prepare a procurement plan, for each financial year. User departments are required to provide goods, works or services needed in each financial year and submit to Procurement for consolidation.
- 9.2 The Head Procurement shall incorporate its annual procurement planning with the budget processes and shall base the plan on the estimated or approved budget as appropriate.

- 9.3 The Head Procurement shall revise or update its procurement plan, as appropriate, after the approval of the budget for that financial year or during the course of each financial year.
- 9.4 Upon approval of the Procurement Plan by ZPPA , Finance Department shall ensure that funds are available for the procurement of goods, works and services.
- 9.5 The Head Procurement shall publish, in at least one daily newspaper of general circulation in Zambia or post on the Development Bank of Zambia website and on the notice board, certain information relating to the procurement plan, such as the following:
- a) Description of the goods, works or services
  - b) Source of the funding; and
  - c) Expected publication and execution dates.

#### **J. AGGREGATING PROCUREMENT REQUIREMENTS**

- 10.1 The Head Procurement shall aggregate procurement requirements, where appropriate, in order to achieve economies of scale.
- 10.2 Notwithstanding the prohibition on disaggregation of procurement requirements, the Head Procurement may divide a procurement requirement, which could be procured as a single contract, into a package, consisting of several lots which are to be tendered together, where it is anticipated that the award of several separate contracts may result in the best overall value for the procuring entity.

#### **K. PACKAGING OF LOTS**

- 11.1 The Head Procurement may divide a requirement into a package of separate lots where it is likely to increase the number of responsive bids by enabling the participation of —
- a) bidders who are able to bid for some, but not all, types of lots; or
  - b) small suppliers who would not be qualified to bid for the complete package as a single contract.
- 11.2 The Procuring entity shall not divide requirements into lots—
- (a) for the sole purpose of avoiding thresholds or levels of authority;
  - (b) where the award of several separate contracts would create problems of compatibility or interchangeability between items purchased as separate lots;
  - (c) where the award of several separate contracts would invalidate or otherwise restrict any supplier's warranty or liability; or
  - (d) where the award of several separate contracts would increase the costs of servicing maintenance or similar requirements.

- 11.3 Where the Head Procurement divides a requirement into lots, which may result in separate contracts, the selection of the procurement method shall be determined by the estimated total value of all the lots.
- 11.4 Where the Head Procurement divides a requirement which could be procured as a single contract into lots, the procuring entity shall—
- (a) permit bidders to bid for a single lot, any combination of lots or all lots; and
  - (b) demonstrate, prior to contract award, that the recommended contract award or combination of contract awards offers the best overall value for the Bank

## **L. PROCUREMENT METHODS AND PROCEDURES**

### **12. DIRECT BIDDING – PROCUREMENT FROM A SINGLE SUPPLIER/SOLE SOURCE**

- 12.1 Upon the receipt of a duly authorised Purchase Requisition Form by the Procurement Unit prepare a written request for quotation to the identified supplier or contractor.
- 12.2 A written request shall contain a statement of requirements for the goods, works or services, as the case may be, and a statement of the proposed contract form and terms and conditions of contract .
- 12.3 Upon receipt of the quotation arrangements shall be made for the quotation to be evaluated.
- 12.4 Approval to award the contract to a single supplier shall where applicable be as per thresholds indicated below:
- a) Managing Director shall approve up to K50, 000. Any amount above K50, 000 shall be submitted to the Procurement Committee for approval
  - b) Zambia Public Procurement Authority
- 12.5 After approval is obtained, where applicable, a purchase order or a contract or a service level agreement shall be prepared.

### **13. DIRECT BIDDING – EMERGENCY PROCUREMENT**

- 13.1 The Head Procurement shall upon ascertaining that the procurement is an emergency procurement notify the approving authority(Managing Director/Procurement Committee/Zambia Public Procurement Authority) to ensure that emergency procurement proceeds promptly.
- 13.2 The Procurement staff shall identify a suitable bidder. Where time permits, a written request shall contain a statement of requirements for the goods, works or services, as the case may be, and a statement of the proposed contract form and terms and conditions of contract(where applicable).

- 13.3 The Procurement staff shall issue the statement of requirement to the single supplier and obtain a written bid/quotation.
- 13.4 The Procurement staff shall upon receipt of the quotation arrange for the quotation to be evaluated.
- 13.5 Approval to award the contract to a single supplier shall where applicable be as indicated below.
- a) Managing Director shall approve up to K50, 000 and any value above shall be forwarded to the Procurement Committee.
  - b) Zambia Public Procurement Authority
- 13.6 After approval is obtained, where applicable, a purchase Order or a contract in accordance with the procedures on Contract Preparation.

#### **14. DIRECT BIDDING - LOW VALUE PROCUREMENT (UP TO K10, 000)**

- 14.1 A procuring entity may use direct bidding where the estimated value of the goods, works and services does not exceed the threshold of K10, 000.00.
- 14.2 The Procurement staff upon receipt of duly authorised purchase requisition Form from stores or other departments shall assess the estimated value of the procurement required by comparing prices from various source through market research.
- 14.3 The Procurement staff upon ascertaining that the value is up to K10, 000, shall source for a quotation(s) and prepare quotation analysis for approval.
- 14.4 The Head Procurement shall approve the quotation analysis.
- 14.5 The Managing Director shall approve the Purchase order.

#### **15. SIMPLIFIED BIDDING PROCEDURE**

- 15.1 A procuring entity may use simplified bidding where the estimated value of the goods, works or services does not exceed the threshold of K500, 000.00.
- 15.2 The Procurement staff shall upon receipt of duly authorised purchase requisition Form from user departments source for quotations
- 15.3 A written request shall contain all the necessary information to enable the bidders to participate in the procurement proceedings and to submit quotations that are responsive to the needs of the Procurement Entity.
- 15.4 The Procurement staff shall receive the bids as per Procedure on receipt of bids and keep securely all the quotations received until after the deadline of submissions.
- 15.5 The Procurement staff shall upon deadline of submission of quotations arrange for the quotations to be evaluated by the procurement unit and may seek technical assistance from the user department, if required.

- 15.6 The User department shall chair the evaluation meeting and Procurement staff will provide secretarial duties. Evaluation shall be conducted in accordance with the Procedure on Evaluation of Bids.
- 15.7 Approval to award the contract to a supplier shall be as indicated below;
- a) Any value up to K50, 000.00 shall be approved by the Managing Director.
  - b) Any value above K50, 000.00 shall be submitted to the Procurement Committee for approval
- 15.7 After approval is obtained, where applicable, a purchase Order or a contract/service level agreement shall be prepared.
- 16. OPEN BIDDING (NATIONAL OR INTERNATIONAL) PROCEDURE**
- 16.1 A procuring entity shall use open bidding for all procurements of goods, works and non-consulting service, except where-
- a) The procurement meets the conditions for the use of limited bidding
  - b) The estimated value of the procurement is less than the applicable thresholds for simplified bidding or
  - c) The procurement meets the conditions for the use of direct bidding.
- 16.2 The Procurement staff shall upon receipt of duly approved Purchase Requisition Form from stores or user departments and or from the procurement plan shall assess the estimated value of the procurement required by the estimates in the approved budget and or comparing prices from various source through market research.
- 16.3 This procurement method shall apply to all procurements above K500, 000 or a threshold requiring Open Bidding as advised by Zambia Public Procurement Authority from time to time
- 16.4 The Procurement Unit shall prepare a solicitation Document using a standard Solicitation Document issued by the Authority for drafting individual Solicitation documents. Where a prequalification process is required the procedure to be followed is as indicated on Prequalification Process.
- 16.5 The procurement staff shall publish any notice inviting potential bidders to participate in procurement proceedings and any contract award—
- (a) in the Gazette.
  - (b) in a daily newspaper of general circulation in Zambia, to reach a sufficient number of potential bidders and ensure effective competition.
  - (c) in any media of wide regional or international circulation, where the method of procurement is open international bidding or open international selection.

(d) to the extent feasible, on the internet, including any regional website or website established by the Authority; and

(e) in a prominent place on the notice board at the Development Bank of Zambia

(f) the floatation periods will be as follows.

➤ This is when the goods, works or services are being advertised or issuing a bid document.

a) Four (4) weeks for Open National Bidding

b) Six (6) weeks for Open International Bidding

c) Four (4) weeks for Limited Bidding, where shortlisted bidders only Nationals

d) Six (6) weeks for Limited Bidding, where shortlisted bidders include foreign bidders

➤ This is used when Pre-qualifying bidders.

a) Two (2) weeks where the publication of any notice is National only

b) Three (3) weeks where the publication of notice is regional or international

16.6 Where open international bidding or open international selection is used, the notice shall also be published in media of wide regional or international circulation or on widely read internet sites.

16.7 Where there is a belief that it is necessary to ensure wide competition, it may, after the date of publication of the notice send invitation notices directly to—

(a) potential bidders, who may include registered bidders, past suppliers, or any other identified potential Sources.

(b) professional or industry associations; or

(c) any Zambian high commission or embassy in countries which are likely to participate, or foreign embassies of those countries in Zambia where open international bidding or open international selection is used.

16.8 The procurement staff shall keep a record of any bidder or organisation to whom an invitation notice is sent directly, which shall form part of the procurement record.

16.9 Receipt of bids shall be conducted as per Procedure Receipt of Bids

16.10 Closing of Tender shall be conducted as per Procedure on Bid Closing

16.11 Public Opening of Tender shall be conducted as per Procedure on Bid opening

16.12 The procurement staff shall upon deadline of submission of quotations/bids arrange for an evaluation by the procurement unit and may seek technical assistance from the user

department, if required. The User department shall chair the evaluation meeting. The Managing Director shall appoint an Evaluation committee for each procurement requirement.

- 16.13 Approval to award the contract to a supplier/contractor shall be made by the Procurement Committee
- 16.14 The Procurement staff shall within seven days of contract award decision, publish a notice of best evaluated bidder for the particular tender. A notice of the best evaluated bidder shall be prepared as per template provided for by Zambia Public Procurement Authority.
- 16.15 The Procurement staff shall, after the commitment of funds, and the publication of notice of the best evaluated bidder, and provided no application for review has been received, award the contract to the successful Bidder(s) in accordance with Procedure on (Contract Award- Open Bidding, Limited Bidding and Open Selection).
- 16.16. The Procurement staff shall, after the issuance of the letter of bid acceptance, prepare a written contract using the contract included in the Solicitation Document. The Contract shall be prepared in accordance with Procedure on Contract Preparation.
- 16.17 The Procurement Staff shall request a performance security for all contracts for goods works, and non-consulting services with a value greater than five hundred thousand kwacha(K500,000.00) and or as per threshold prescribed by Zambia Public Procurement Authority from time to time, to ensure the supplier's obligation to fulfil the contract.

## **17 LIMITED BIDDING PROCEDURE**

- 17.1 A procuring entity may use limited bidding for goods, works or non-consulting services, where-
  - a) The goods, works or services are only available from a limited number of suppliers.
  - b) There is urgent need for the goods, works or services and engaging in open bidding would be impractical.
  - c) The requirement is of a specialised nature or relates to public safety or public security which makes open bidding inappropriate; or
  - d) Open bidding has failed to secure an award of contract.
- 17.2 The Procurement Staff shall develop a proposed shortlist without seeking expression of interests. The shortlist shall include.
  - a) all potential bidders, where Limited Selection is used on the grounds of a limited number of source; and
  - b) at least three bidders, where Limited Bidding is used on the grounds of an emergency situation

- 17.3 The Procurement staff may in developing a shortlist, use—
- (a) supplier Databases or lists maintained by the procuring entity in accordance with these Procedures.
  - (b) its own knowledge of the market; or
  - (c) any other appropriate sources of information
- 17.4 A procuring entity shall, where the number of suitable bidders is greater than the number of bidders to be included on the shortlist, include on the short list the applicants who best meet the procuring entity's requirements.
- 17.5 A shortlist shall include sufficient bidders to ensure effective competition, which shall be between four and six bidders, wherever possible.
- 17.6 Where Limited Bidding is used on the grounds of a limited number of sources, the Bank shall also publish a notice, which shall state—
- (a) the nature of the procurement requirement.
  - (b) that the procuring entity is using Limited Selection on the grounds of a limited number of source.
  - (c) the proposed shortlist of bidders; and
  - (d) that any potential bidder requiring information on the procurement requirement or wishing to participate in the procurement may contact the Procurement Unit of the procuring entity.
- 17.7 The Procurement Committee shall approve the proposed shortlist.
- 17.7 The Procurement staff shall upon obtaining Procurement committee approval of the shortlist, prepare a solicitation document listing the shortlisted bidders in the solicitation document.
- 17.9 The Procurement staff shall prepare a solicitation document using the appropriate standard solicitation document issued by the Authority for drafting individual solicitation documents. The Solicitation document shall be authorised by the Procurement Committee
- 17.10 The Procurement staff shall issue the solicitation document to all shortlisted bidders at the same time and shall maintain a record of the issue of the documents.
- 17.11 Receipt of bids shall be conducted as per Procedure on receipt of Bids
- 17.12 Closing of Tender shall be conducted as per Procedure on bid closing
- 17.13 Public Opening of Tender shall be conducted as per Procedure on Public Opening of Bids

- 17.14 The Procurement Staff shall upon the deadline of submission of quotations arrange for the bids to be evaluated by the procurement unit and may seek technical assistance from the user department, if required. The User department shall chair the evaluation meeting. The Managing Director shall appoint an evaluation committee for procurement requirement.
- 17.15 Approval to award the contract to a supplier shall be made by the Procurement Committee
- 17.16 The Procurement Staff shall within seven days of contract award decision, issue a notice of best evaluated bidder to bidders who participated in the particular tender. A notice of the best evaluated bidder shall prepare in accordance with Procedure on notification of Best Evaluated Bidder)
- 17.17 The Procurement Staff shall, after the Commitment of funds, and the publication of notice of the best evaluated bidder, and provided no application for review has been received, award the contract to the successful Bidder(s) in accordance with Procedure on contract award- Open Bidding, Limited Bidding and Open Selection.
- 17.18 The Procurement staff shall, after the issue of the letter of bid acceptance, prepare a written contract using the contract included in the solicitation document.
- 17.19 The Procurement Staff shall request a performance security for all contracts for goods works, and non-consulting services with a value greater than five hundred thousand Kwacha (K500,000.00) and or as per threshold prescribed by ZPPA from time to time, to ensure the supplier's obligation to fulfil the contract. Performance Security shall be handled in accordance with Procedure on Request for Performance Security.

## **18. OPEN AND LIMITED SELECTION BIDDING PROCEDURE**

- 18.1 A procuring entity may use limited selection for consulting services where-
- a) the consulting services are only available from a limited number of suppliers
  - b) there is an urgent need for the consulting services and engaging in open selection would be impractical.
  - c) the requirement is of a specialised nature or relates to public safety or public security which makes open bidding inappropriate' or
  - d) open bidding has failed to secure an award of contract.
- 18.2 The Procurement of Consulting services with a threshold of K300,000.00 shall be conducted using Open National Selection and Consulting services with a threshold of K500,000.00 shall be procured using Open International Selection or as advised by Zambia Public Procurement Authority from time to time.
- 18.3 The Procurement staff shall cause the expression of interest to be published at least two weeks before the deadline for submission in –

- (a) in the Gazette;
  - (b) in a daily newspaper of general circulation in Zambia, to reach a sufficient number of potential bidders and ensure effective competition;
  - (c) in any media of wide regional or international circulation, where the method of procurement is open international bidding or open international selection;
  - (d) to the extent feasible, on the internet, including any regional website or website established by the Authority; and
  - (e) in a prominent place on the notice board.
- 18.4 The Procurement staff shall upon deadline of submission of Expressions of interest arrange for the opening of the submitted Expressions.
- 18.5 Receipt of bids shall be conducted as per Procedure on Receipt of Bids
- 18.6 Closing of Tender shall be conducted as per Procedure on Bid Closing
- 18.7 Public Opening of Tender shall be conducted as per Procedure no Public Opening of Bids
- 18.8 The Procurement staff shall after opening of the Expressions of Interest, arrange for the submitted expressions of interest to be evaluated by an Evaluation Committee. The User department shall chair the evaluation meeting.
- 18.9 All expressions of interest shall be evaluated by an evaluation committee against the criteria stated in the notice requesting expressions of interest, in order to develop a shortlist of bidders who are expected to be able to meet the procuring entity's requirements.
- 18.10 The Procurement staff shall upon completion of the evaluation prepare an evaluation report for submission to the approvals authority, which shall contain-
- (a) a summary of the evaluation of the bid
  - (b) a summary of the action taken to invite, and
  - (c) a recommendation to shortlist the identified bidders who are expected to be able to meet the procuring entity's requirements or take other appropriate action.
- 18.11 A shortlist shall include sufficient bidders to ensure effective competition, which shall be between four and six bidders, wherever possible.
- 18.12 A procuring entity shall, where the number of suitable bidders is greater than the number of bidders to be included on the shortlist, include on the short list the applicants who best meet the procuring entity's requirements
- 18.13 Approval of the results of the evaluation of the expressions of interest and the proposed shortlist shall be by the Procurement Committee.

- 18.14 The Procurement staff shall prepare the Request for Proposal.
- 18.15 A procuring entity shall use the appropriate standard solicitation document issued by the Authority for drafting individual solicitation documents
- 18.16 A solicitation document shall include all information necessary to enable bidders to participate in the procurement proceedings and to submit proposals that are responsive to the needs of the procuring entity.
- 18.17 A procuring entity shall select the most appropriate selection method for consulting services and shall state the evaluation methodology in the Solicitation.
- 18.18 The selection methodology may be any of the following:
- (a) Quality and cost-based selection, which takes into account both the quality and the cost of proposals and selects the proposal which offers the optimum balance of quality and cost;
  - (b) quality-based selection, which focuses on quality and selects the highest quality proposal;
  - (c) Fixed-budget selection, which selects the highest quality proposal, which is within the procuring entity's pre-disclosed budget;
  - (d) least-cost selection, which selects the lowest priced proposal, which meets the procuring entity's technical requirements; or
  - (e) selection based on the consultant's qualifications, which establishes a shortlist and selects the firm with the appropriate qualifications and references.
  - (f) quality and cost based selection shall be the preferred evaluation methodology. quality and cost based selection may be used for—
    - a) highly specialised assignments, where it is difficult to define precise terms of reference and inputs and bidders are expected to demonstrate innovation in their bids;
    - b) assignments which will have a high downstream impact and the procuring entity wishes to contract the best consultant
    - c) assignments that can be carried out in substantially different ways and where the value of the services depends on their quality.
  - (g) Fixed-budget selection may be used for assignments which are simple and can be precisely defined and where the budget is fixed.
  - (h) Least-cost selection may be used for assignments of a standard or routine nature, where well established practices and standards exist.

Selection based on a consultant's qualifications may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified.

- 18.19 The Procurement staff shall, following a no objection 'to the issuing of the Solicitation document, issue a solicitation document to all shortlisted bidders at the same time and shall maintain a record of the issue of the documents.
- 18.20 The Procurement staff shall upon deadline of submission of proposals arrange for the opening of the Technical Proposals. The Financial Proposals shall be securely kept unopened Receipt of bids shall be conducted as per Procedure on receipt of Bids
- 18.21 Closing of Tender shall be conducted as per Procedure on bid closing
- 18.22 Public Opening of Tender shall be conducted as per Procedure on Public Opening of Bids
- 18.23 The Procurement staff shall, following the opening of the Technical proposals arrange for the Technical proposals to be evaluated by the procurement unit and may seek technical assistance from the user department, if required. The Head Procurement shall chair the evaluation meeting.
- 18.24 The Procurement staff shall upon completion of the evaluation prepare an evaluation report for submission to the approvals authority, which shall contain-
  - (a) a summary of the evaluation of the bid
  - (b) a summary of the action taken to invite and evaluate, and
  - (c) a recommendation to approve the Technical Evaluation Results and Opening of Financial Proposals for the firms that meet the minimum required technical score
- 18.25 Approval of the Technical Evaluation Results and Opening of Financial Proposals for the firms that meet the minimum required technical score shall be by Procurement Committee as per thresholds or as advised by the Zambia Public Procurement Authority from time to time
- 18.26 The Procurement Staff shall, after approval is obtained, notify the consultants via a letter signed by the Managing Director of the Technical Evaluation results and the date and time set for Opening of Financial proposals.
- 18.27 The opening date shall not be sooner than two weeks after the notification date, where foreign bidders are included, or one week, where all bidders are national.
- 18.28 The Procurement staff shall arrange for opening of the Financial Proposals at the time, date and location notified to bidders. The tender opening shall be conducted as per procedure on Public Opening of Bids
- 18.29 The Procurement Unit shall permit Bidders and or their representatives to attend and witness the opening of the tender if they so wish.

- 18.30 The Procurement staff shall, following the opening of the financial proposals arrange for the financial proposals to be evaluated by the procurement unit and may seek technical assistance from the user department, if required. User departments shall chair the evaluation meeting.
- 18.31 The Procurement staff shall upon completion of the evaluation prepare an evaluation report for submission to the approvals authority, which shall contain-
- (a) a summary of the evaluation of the bid
  - (b) a summary of the action taken to invite and evaluate, and
  - (c) a recommendation to award the contract or take appropriate action
- 18.32 Approval of award of contract shall be by the Procurement Committee
- 18.33 The Procurement staff shall, within seven days of contract award decision, publish a notice of best evaluated bidder to bidders who participated in the particular tender. A notice of the best evaluated bidder shall be prepared in accordance with Procedure on Notification of Best Evaluated Bidder
- 18.34 The Procurement staff shall, after the commitment of funds, and the publication of notice of the best evaluated bidder, and provided no application for review has been received, award the contract to the successful Bidder(s) in accordance with Procedure on Contract Award - Open Bidding, Limited Bidding and Open Selection.
- 18.35 The Procurement staff shall, after the issuance of the letter of bid acceptance, prepare a written contract using the contract included in the solicitation Document. The Contract shall be prepared in accordance with Procedure on Contract Preparation

## **19. RECORDS OF PROCUREMENT PROCESS AND CONTRACT MANAGEMENT**

- 19.1 Proper documentation shall be maintained in respect of all procurement proceedings and contracts worked on in order to ensure effective documented audit trails.
- The records shall be maintained for a period of seven years from the date of;
- a) Contract completion or termination
  - b) The decision to terminate procurement proceedings
  - c) The settlement of any disputes under the Contract; or
  - d) The resolution of any complaint or appeal made under the act or which ever
- 19.2 Heads of Departments shall be default be appointed Contract managers to manage contracts awarded.

## **20 USE OF PREQUALIFICATION**

- 20.1 A procuring entity may use prequalification under open bidding to obtain a shortlist of bidders who have been assessed to be capable of effectively performing the proposed contract, using prescribed qualification criteria.

## **21. INVITATION OF BIDS- PROCEDURE**

- 21.1 The Procurement Staff shall draft an invitation to bid notice unless a prequalification was undertaken.
- 21.2 The Procurement staff shall forward the draft bid notice to the appropriate authorities for obtaining of no objection 'to the publication of the bid notice.
- 21.3 The Procurement staff shall publish the bid notice as follows-
- a) national media for local Tenders
  - b) regional and international media for international tenders
  - c) Development Bank of Zambia website
  - d) Government Gazette
- 21.4 The Procurement staff shall also ensure the bid notices are publicised as follows-
- i) DBZ notice board
- 21.5 Adverts shall be published in the first 2 weeks and a bidding period shall start on the date of the first publication of the bid notice or issue of the Solicitation document to all prequalified or shortlisted bidders and shall finish on the date of the bid submission deadline.
- 21.6 The minimum bidding period shall be—
- (a) four weeks for open national bidding;
  - (b) six weeks for open international bidding;
  - (c) four weeks for Limited Bidding where shortlisted bidders are only nationals; or
  - (d) six weeks for limited bidding where shortlisted bidders include foreign bidders.
- 21.7 Where Limited Bidding is used on grounds of urgency, the minimum bidding period shall not apply. The Procurement staff shall invite bids—
- (a) through the publication of a bid notice in the case of Open Bidding, where no prequalification has been conducted; and through publication of the Tender Document on the Development Bank of Zambia Website.

(b) from the list of prequalified applicants in the case of Open Bidding, where a prequalification has been conducted ; and

(c) from a shortlist of bidders in the case of Limited Bidding.

21.8 Where bids are invited from a shortlist of bidders, the shortlist shall include—

(a) all potential bidders, where Limited Bidding is used on the grounds of a limited number of source; or

(b) at least three bidders, where Limited Bidding is on the grounds of an emergency situation.

21.9 The Procurement staff shall not include any bidder on a shortlist unless the bidder is expected to fully satisfy the procuring entity's requirements, including those related to eligibility, qualifications, capacity, resources and experience.

21.10 The Procurement staff Shall Record the Names of the Bidders Included on a Shortlist and the reason for their inclusion which shortlist shall be kept as part of the procurement record

21.11 The bidders included on a shortlist shall not all have the same ownership in the sense that one shareholder has a controlling interest in all the bidding companies.

21.12 Where there is more than one potential bidder but all potential bidders have the same ownership, the procurement shall be considered Direct Bidding.

21.13 Where the Procurement staff uses Limited Bidding on the grounds of a limited number of sources, it shall also publish a notice, in accordance with these procedures, which shall state—

(a) the nature of the procurement requirement;

(b) that the procuring entity is using Limited Bidding on the grounds of a limited number of sources;

(c) the proposed shortlist of bidders; and

(d) that any potential bidder requiring information on the procurement requirement or wishing to participate in the procurement, may contact the Procurement Unit of

(e) the procuring entity.

21.14 The approvals authority shall authorise the proposed shortlist prior to issue of the Solicitation documents.

## **22. CLARIFICATION AND AMMENDMENT OF SOLICITATION PROCEDURE**

22.1 The Procurement staff shall upon receipt of a clarification from any prospective bidder, promptly liaise with the user department where necessary for clarification of the query.

- 22.2 The Procurement staff shall upon receipt of a clarification promptly provide a clarification in writing and such clarification shall be copied to all bidders and shall include a description of the inquiry, but without identifying the source of the query.
- 22.3 The Procurement staff may, at any time prior to the deadline for submission of bids and after obtaining appropriate approvals authorities, either at its own initiative or in response to a request for clarification from a bidder, amend the Solicitation document by issuing an addendum.
- 22.4 Any addendum shall be issued in writing and the same information shall be provided to all bidders at the same time.
- 22.5 All addenda shall be numbered sequentially.
- 22.6 All clarifications and addenda to the Solicitation document shall be binding on all bidders
- 22.7 The Procurement staff may, in order to give bidders enough time in which to take a clarification or addendum into account in preparing their proposals, extend the deadline for the submission of proposals, through the issuance of an addendum

### **23. PRE-BID CONFERENCE AND SITE VISIT PROCEDURE**

- 23.1 A pre bid conference is organised in order to brief bidders or to offer the opportunity for them to seek clarifications; or a site visit, to enable bidders to gain access to the site for delivery of any proposed works or services. The Solicitation document and, where possible, the invitation to bid notice, shall state the details of the pre bid conference or site visit, including the date, time, and location.
- 23.2 A procuring entity may issue a request for a pre bid conference or site visit as an addendum. The date of any pre bid conference or site visit shall be sufficiently early in the bidding period to enable bidders to take the information into account in preparing their bids but shall not be too early as to make attendance difficult for any bidder.

### **24. RECEIPT AND REJECTION OF BIDS PROCEDURE**

- 24.2 The Procurement staff is responsible for receipt of bids and shall ensure that the tender box is labelled appropriately with the tender title and tender closing date and time and the bid box shall remain locked until the time of bid opening
- 24.3 Receipt of bids shall stop at tender closing time, and the Bid Box shall be sealed to ensure no late bids are submitted.
- 24.4 The Procurement staff shall prior to the date of tender closing notify the User department to provide an officer to represent them during the tender closing process.
- 24.5 The Procurement staff responsible for receipt of bids shall ensure that bidding is closed at the precise date and time of the deadline for submission of bids stated in the solicitation document and no further bid is placed in the bid box or received in any other way.
- 24.6 The Procurement staff shall declare the closing time to the representatives who choose to attend the bid opening

24.7 The Procurement staff responsible for receipt of bids shall not accept any bid that is received after the date and time of the deadline for submission of bids but shall declare the bid late and return it to the bidder unopened.

## **25. PUBLIC OPENING OF BIDS PROCEDURE**

25.1 All Open Bidding, Limited Bidding and Open Selection processes include a public bid opening whose details are included in the solicitation document stating the time, date and location. All bids shall be opened on a day other than a public holiday, or the day following a public holiday

25.2 The Procurement staff responsible for receipt of bids shall prior to the date of the public opening of bids notify the User department to provide an officer to represent them during the public opening session.

25.3 The Procurement Staff shall count and mark the envelopes (Bids) received pertaining to the tender being opened.

25.4 The Officer presiding at the bid opening shall stamp all bids opened on key pages, which shall include at least the priced and signed pages.

25.5 The Procurement staff responsible for receipt of bids shall make a record of the bid opening, which shall be kept as part of the procurement record.

25.6 The Procurement staff responsible for receipt of bids shall make a record of the bid opening

25.7 The Procurement staff responsible for receipt of bids shall request all bidders 'representatives attending the bid opening to sign the record, but the absence of any signature shall not invalidate the record.

25.8 The Procurement staff responsible for receipt of bids shall immediately take all Opened bids to a secure location, where they shall be kept until the evaluation begins.

## **26. EVALUATION OF BIDS PROCEDURE**

Evaluation is done in order to check tender compliance to set criteria.

There are four stages in this process. Namely:

- a. Preliminary
- b. Technical
- c. Commercial/Financial; and
- d. Post Qualification

26.1 Evaluations shall be done by a multi -disciplinary team comprising staff from Procurement, Finance, Bank Secretariat and Legal, and user departments and any other relevant personnel within or outside the bank with necessary expertise. .The user department shall chair the tender evaluation. The Managing Director shall appoint an evaluation committee for each procurement requirement.

- 26.2 The Procurement staff shall send a meeting invitation convening the tender evaluation meeting
- 26.3 The Evaluation Committee shall conduct a preliminary examination to determine whether bids are complete and responsive to the basic instructions and requirements of the Solicitation document. The committee may also determine whether bidders are eligible, where prequalification was not done.
- 26.4 The Evaluation Committee shall conduct a technical evaluation by comparing each bid to the technical requirements of the statement of requirements in the Solicitation document, to determine whether the bids are substantially responsive.
- 26.5 An evaluation committee shall notify bidders of any arithmetical corrections and request them to agree, in writing, to the correction and any bidder who does not accept the correction of an arithmetical error shall be rejected and their bid security may be forfeited.
- 26.6 An evaluation committee may seek clarification on a bid from the bidder and this shall be done in writing.
- 26.7 A request for clarification on a bid shall not seek, and the bidder shall not be permitted, to—
- (a) amend its bid price, except to accept the correction of arithmetic errors;
  - (b) change the substance of the bid; or
  - (c) substantially alter anything which is a deciding factor in the evaluation.
- 26.8 Any clarification received on a bid which is not in response to a request from the evaluation committee shall not be taken into account by the evaluation committee.
- 26.9 The failure of a bidder to reply to a request for clarification from the evaluation committee may result in the rejection of the bid.
- 26.10 An evaluation committee shall conduct a financial evaluation and comparison to determine the evaluated price of each bid and determine the lowest priced bid, which is substantially responsive to the requirements of the Solicitation document
- 26.11 An Evaluation team may, whereas indicated in the Solicitation document, conduct a post qualification of the bidder, who submitted the best evaluated bid, to determine whether the bidder is qualified to perform the contract effectively.
- 26.12 The criteria for post qualification shall be as set out in the Solicitation document
- 26.13 An Evaluation Team shall, where it determines that a bidder is not qualified, reject the bid, and conduct a post qualification on the bidder who submitted the next lowest evaluated responsive bid.
- 26.14 An evaluation committee shall prepare an evaluation report for submission to the approvals authority.
- (a) a summary of the bids received and opened;
  - (b) the results of the preliminary examination;

- (c) the results of the technical evaluation;
- (d) reasons why any bids were declared non-responsive;
- (e) details of any non-material deviations, which were accepted and the way in which they were quantified and taken into account in the financial evaluation;
- (f) the evaluated price of each bid, showing any corrections or adjustments to the bid price and any conversion to a common currency;
- (g) the ranking of the bids, according to their total evaluated price;
- (h) a statement of the best evaluated bid, for each lot where applicable;
- (i) a summary of the application of any conditional discounts and the best evaluated combination of bids, where applicable;
- (j) the results of any post qualification; and
- (k) a recommendation to award the contract or contracts to the best evaluated bid or combination of bids, or other appropriate recommendation, such as any requirement for negotiations or the cancellation of the procurement process.

## **27. CANCELLATION OF PROCUREMENT PROCEEDINGS**

27.1 Cancellation of Tender is the process of cancelling a tender in its entirety. This may be done where—

- (a) the procurement need has ceased to exist or changed significantly;
- (b) funding is not sufficient for the procurement;
- (c) there is a significant change in the required technical details, bidding conditions, conditions of contract or other details, such that the recommencement of procurement proceedings is necessary;
- (d) no responsive bids are received;
- (e) there is evidence of collusion among bidders;
- (f) it is otherwise in the public interest; or
- (g) there is evidence of corrupt practices by a public officer or any other person involved in the procurement

27.2 The Procurement staff shall, before cancelling any procurement proceedings, consult with the user department which issued the requisition and obtain the prior authorisation of the approvals authority.

27.2 The Procurement staff shall prepare a written request, to the approvals authority(Procurement Committee), for authorisation to cancel a procurement proceeding, which shall clearly state—

- (a) detailed reason for recommending the cancellation;

(b) the status of the procurement proceedings, including in particular, whether bids have already been opened under

(c) whether new procurement proceedings are recommended and, if so, the modifications recommended.

27.3 The Procurement staff shall, where procurement proceedings are cancelled prior to bid opening, return the bids to all the bidders unopened.

## **28. CONTRACT AWARD DECISION PROCEDURE**

28.1 Approval to award the contract to the best evaluated bidder that is substantially responsive to the requirements of the procuring entity shall be by the Managing Director, and the Procurement Committee as per thresholds indicated below:

(a) Managing Director- all procurements up to K50,000.00

(b) The Procurement Committee- all procurements over K50, 000

28.2 The appropriate approvals authority shall be determined by the actual value of the recommended contract and not the estimated value prepared during the procurement planning process.

28.3 An approvals authority shall take a contract award decision in response to a recommendation for contract award contained in an evaluation report, unless otherwise permitted by these procedures.

28.4 A contract award decision by the approvals authority shall not constitute a contract, but only a decision as to the winning or recommended bidder

## **29. PURCHASE ORDER PROCESSING**

29.1 The Procurement Staff shall upon receipt of an approved Procurement Committee decisions raise a local purchase order.

29.2 Head Procurement shall check that the order has been correctly raised before submitting to the Managing Director for approval.

29.3 Any value from K10, 000 up to K50, 000 shall be approved by the Managing Director. Purchase orders with any value above K50, 000 with prior approval by the Procurement Committee shall be approved by the Managing Director unless delegated in writing.

## **30. CONTRACT AWARD PROCEDURE (DIRECT AND SIMPLIFIED)**

30.1 Where the Procurement Unit conducts Direct Bidding procurement on any other grounds, following the contract award decision by the approvals authority and the commitment of funds, the Procurement staff shall prepare a service level agreement or a written contract or a purchase order and send it to the winning bidder as per procedures for contract preparation and purchase order preparation respectively.

30.2 The Procurement Staff may, where appropriate, arrange to send a letter of bid acceptance to the bidder, prior to sending the contract document/Purchase order.

- 30.3 The Procurement staff shall obtain a signed acknowledgment from the bidder, confirming that it has received the letter of bid acceptance, contract or purchase order and that it is proceeding with performance of the contract, but any failure by the bidder to provide such confirmation shall not invalidate the contract/order/agreement.
- 30.4 The Procurement staff shall, where simplified bidding is used, after the contract award decision by the approvals authority and the commitment of funds, prepare a written purchase order
- 30.5 A purchase order shall not contain any terms, conditions or requirements which differ from the bidder's quotation, unless these have been agreed, in writing, with the bidder.
- 30.6 The Procurement staff shall after obtaining appropriate approvals authority send the purchase order to the successful bidder.
- 30.7 A purchase order shall constitute a contract between the procuring entity and the bidder.
- 30.8 The Procurement staff shall require the supplier to provide written confirmation that it has received the purchase order and is proceeding with performance of the contract, but any failure by the supplier to provide such confirmation shall not invalidate the contract

### **31. CONTRACT AWARD OPEN BIDDING, LIMITED BIDDING OPEN SELECTION, AND LIMITED SELECTION PROCEDURE**

- 31.1 The Procurement staff shall, after the commitment of funds, and the publication of notice of the best evaluated bidder, and provided no application for review has been received, award the contract by issuing a letter of bid acceptance to the recommended bidder.
- 31.2 The Procurement staff shall obtain a signed acknowledgement from the bidder, confirming that it has received the letter of bid acceptance.
- 31.3 The Procurement staff shall, where the recommended bidder fails to conclude a contract, or provide a performance security or any other action required by the Solicitation document, annul the contract award and award the contract to the next best evaluated bidder, subject to the bidder being qualified and with the prior authorization of the approvals authority.

### **32. NOTIFICATION OF BEST EVALUATED BIDDER**

- 32.1 where procurement is conducted using open or Limited Bidding or selection, following the contract award decision by the approvals authority, the Procurement staff shall, within seven days of contract award decision, publish a notice of best evaluated bidder(as per template issued by ZPPA) to bidders who participated in the particular tender.
- 32.2 A notice of the best evaluated bidder shall be —
  - (a) sent directly to all bidders;
  - (b) to the extent feasible, published on the internet, newspapers; and
  - (c) displayed on the notice board or at another prominent place in the procuring entity's offices.

- 32.3 A procuring entity shall not award any contract until ten working days have elapsed after publication of the notice of best evaluated bidder.
- 32.4 Where a procuring entity uses Limited Bidding or selection on grounds of emergency circumstances, the requirement for publication of a notice of the best evaluated bidder may be waived.

### **33. CONTRACT PREPARATION PROCEDURE**

- 33.1 The Procurement staff shall, after the issue of the letter of bid acceptance, prepare a written contract using the contract included in the Solicitation document
- 33.2 The Procurement department may use rate contracts goods, works or services—
- (a) where the items are needed —on call, but where the quantity and timing of the requirements cannot be defined in advance; or
  - (b) to reduce procurement costs or lead times for items which are needed repeatedly or continuously over a period of time, by having them available on a —call off basis.
- Any payment under a rate contract shall be for the actual quantity delivered or performed during the time period covered by the contract, using the fixed unit prices specified in the contract.
  - A rate contract may include an estimated quantity or value but shall not commit a procuring entity to purchase the estimated quantity or value.
  - A rate contract shall specify the arrangements for obtaining specific requirements during the period of the contract, using— delivery orders.
- 33.3 The Procurement staff may use running contracts for goods, works or services which shall run for a maximum period of one year—
- (a) where the items are needed —on call, but where the precise quantity and timing of the requirements cannot be defined in advance; or
  - (b) to reduce procurement costs or lead times for items which are needed repeatedly or continuously over a period of time, by having them available on a —call off basis.
- Any payments under a running contract shall be for the actual quantity delivered or performed during the time period covered by the contract, using the fixed unit prices specified in the contract.
- 33.4 Where procurement is conducted using open or Limited Bidding or selection, a draft contract shall be included in the Solicitation document issued, except that in all other cases, where the draft contract is not included, any Solicitation document shall clearly state the type of contract and key contract terms which shall apply to the procurement.

## **34. APPROVALS AUTHORITY FOR CONTRACTS**

- 34.1 The Procurement staff shall draft Contracts and submit to the user department for review before submitting it to Bank Secretariat and Legal for vetting and clearance.
- 34.2 The Procurement staff shall after the clearance of draft contract by Bank Secretariat and Legal, forward the draft contract to the successful bidder for consideration.
- 34.3 The Procurement staff shall after bidder considers the draft contract satisfactory, forward the contract to Bank Secretariate and Legal for onward submission to the Attorney General.
- 34.4 Following approval of the contract by the Attorney General, Procurement will submit contract documents for authorisation by the Managing Director prior to their issue; provided the contract are in line with the contract award recommendations previously authorised by the Procurement Committee.
- 34.4 The Procurement staff shall ensure that the supplier signs and returns a copy of the contract within seven days from receipt of the contract.
- 34.5 The Managing Director shall designate a member of staff of the procuring entity as the Contract manager for every contract awarded, except that where a contract is particularly large or complex, the Managing Director shall appoint a team of staff to manage the contract.
- 34.6 The Head of Department shall by default be appointed as a contract manager for each contract awarded in order to ensure that the Supplier meets contractual obligations
- 34.7 The Head Procurement shall be the final repository of the original signed contract.

## **35. PERFORMANCE SECURITIES**

- 35.1 The Procurement staff shall after the contract is signed by both the Bank and the Supplier, request a performance security for all contracts for goods, works and non-consulting services with a value greater than Five Hundred Thousand to secure the supplier's obligation to fulfil the contract.
- 35.2 The Procurement staff shall require a successful bidder to provide a performance security within fourteen days of signing a contract or the date of the bid acceptance, whichever is the earlier.
- 35.3 The value of any required performance security may be expressed either as a fixed amount or as a percentage of the contract value, except that the amount shall be between five and ten percent of the contract value.
- 35.7 The Contract Manager shall release the performance security promptly to the supplier upon completion of all the supplier's contractual obligations.

### 36. DEBRIEFING UNSUCCESSFUL BIDDERS PROCEDURE

- 36.1 The Procurement staff shall, upon the entry into force of a contract and the provision by the supplier of any required performance security, promptly reject the bids of all unsuccessful bidders.
- 36.2 The Procurement staff shall, when rejecting unsuccessful bids, return any bid securities and any unopened financial proposals to the unsuccessful bidders.
- 36.3 The Procurement staff shall provide all unsuccessful bidders with a debrief as to the reason for the failure of their bids or applications to prequalify, including—
- (a) the stage at which the evaluation of the bid was rejected;
  - (b) the details of any material deviation;
  - (c) the reservation or omission leading to the rejection of the bid; or
  - (d) any other matter relating to the bidding.
- 36.4 The Procurement staff shall not, in providing the reasons for the rejection of any bidder, provide details on any other bids, other than information that is publicly available from bid openings or published notices.

### 37. PUBLICATION OF TENDER AWARD

- 37.1 The Procurement staff shall, publish a notice of contract award for all contracts which exceed the threshold specified in the Fourth Schedule as indicated below.

| Type of Publication   | Type of Procurement  |  |  |
|---|--|--|--|
|   | Goods and Non Consulting Services                                      | Works  | Consulting Services  |
| <b>Mandatory thresholds for publication of contract award details</b> | Over K500 Thousand or a threshold as advised by ZPPA from time to time | Over K500 Thousand or a threshold as advised by ZPPA from time to time | Over K300 Thousand or a threshold as advised by ZPPA from time to time |

- 37.2 A notice of contract award shall indicate the name and address of the supplier, a brief description of the goods, works or services purchased and the contract price (as per template issued by the authority).

### **38. RECEIPT AND RETURN OF BANK GUARANTEES PROCEDURE**

- 38.1 The Contract Manager shall upon receipt of the Bank Guarantee record the following details of the Bank Guarantee in the Bank Guarantee Schedule;
- a) Tender or Contract Reference Number
  - b) Tender or Contract Title
  - c) Supplier Name
  - d) Amount of Guarantee
  - e) Name of Bank; and
  - f) Expiry date of Guarantee
- 38.2 The Procurement staff shall keep the guarantees in a secure place
- 38.3 The Contract Manager shall retain the proceeds of the Bank Guarantee to compensate it for costs/losses due to the Supplier's non-performance.

### **M. PROCEDURE FOR NEGOTIATION PROCEDURE**

- 39.1 The Procurement staff shall, upon obtaining approval of the evaluation report by the approvals authority, conduct negotiations where required and where applicable.
- 39.2 The Contract Manager shall prepare a plan for the negotiations, which shall specify the issues to be negotiated and objectives to be achieved and shall, to the extent possible, quantify the objectives and set maximum and minimum negotiation parameters.
- 39.3 Any negotiations shall be conducted by not less than two staff of the evaluation committee or a subcommittee of the evaluation committee, who shall not commit the procuring entity to any proposed arrangement or agreements but shall seek the prior authorization of the approvals authority, before confirming any agreement reached.
- 39.4 The members of staff conducting the negotiations shall prepare minutes of the negotiations, which shall form part of the record of the procurement and shall obtain the bidder's written agreement that the minutes are a true and accurate record

### **N. CONTRACT TERMINATION**

- 40.1 The Contract Manager upon identifying that the contract requires to be cancelled shall write a memorandum to Head Procurement stating the reason for cancellation.
- 40.3 The Procurement staff shall prepare a Procurement Committee Paper recommending contract cancellation.
- 40.4 The contract cancellation shall be approved by Procurement Committee as per Procedure on Procurement Committee
- 40.5 The Head Procurement shall upon Procurement Committee approval, inform the supplier of contract cancellation

40.6 A contract shall specify the grounds on which the contract may be terminated and specify the procedures applicable to termination

**O. PAYMENT PROCESS FOR GOODS**

41.1 The Procurement staff shall receive the goods received note from stores together with the invoice and delivery note

41.2 The Procurement staff shall upon receipt of the goods received note (GRN) and invoices, attach approval documents and record in the payment book and forward to Head Procurement.

41.3 Head Procurement shall check that the invoice and the attached documents are correctly raised and recommend for onward submission to Finance Department for payment.

**P. PAYMENT FOR SERVICES/WORKS**

42.1 Upon receipt of certificate of completion of works and the Tax Invoice certified by the user department/Contract Manager, the Procurement staff shall attach other documents and shall record in the payment book and forward to Head Procurement.

42.2 Head Procurement shall check that the invoice and attached documents are correctly raised and recommend for onward submission to Finance Department for payment.

**Q. PREPAYMENTS – SMALL VALUE ITEMS**

43.1 The Procurement staff upon receipt of the pre-payment request from the supplier/as per quotation shall using the issued purchase order forward all documentations to Head Procurement

43.2 The Procurement staff shall collect payment from Finance and take to the supplier to purchase the items required.

43.3 Upon collection or delivery of the goods, stores shall record the details of the goods.

43.4 The Procurement staff shall upon receipt of the goods received note and supplier payment receipt, attach approval documents, and submit to Finance for reconciliation of pre-payment account

**R. ADVANCE PAYMENTS**

44.2 A contract may provide for advance payments to the supplier, where this is necessary to ensure effective implementation of the contract.

44.3 An advance payment may be made for costs such as mobilisation, start up, the purchase of materials or costs related to goods which are specially or custom manufactured for the procuring entity.

44.4 The total amount of an advance payment shall not exceed *twenty five percent of the total contract price.*

- 44.1 The Contract Manager shall upon receipt of the advance payment request advise the supplier that the total amount of an advance payment shall not exceed twenty five percent of the total contract price and shall request the supplier to issue an invoice accompanied by an advance payment guarantee, covering the full amount of the advance payment
- 44.2 The Procurement staff shall upon receipt of an invoice and advance payment guarantee attach the necessary documents and record in the payment book and forward to the Head Procurement.
- 44.3 The Head Procurement shall check that the documents are correctly raised and recommend onward submission to Finance Department for payment.
- 44.4 An advance payment shall be recovered from subsequent payments to the supplier, which shall be subject to a percentage deduction equal to the percentage paid as the advance payment.

## S. OVERSEEING, ASSESSING AND REVIEWING PROCUREMENT PROCEDURES FOR DBZ FUNDED PROJECTS

The Development Bank of Zambia being a public institution is mandated to procure all goods and services in accordance with the provisions of the Public Procurement Act No. 12 of 2008 and the Public Procurement Regulations of 2011.

The Public Procurement Act No. 12 of 2008 Section 13 makes Controlling Officers and Chief Executives of Government Departments responsible and accountable for ensuring that all the procurement of the procuring entity is conducted in accordance with the Act.

The Act and its regulations have further delegated these responsibilities to designated officers and Committees as shown below:

1. Controlling Officer/Managing Director-approves all procurements up to K50,000.00
2. Procurement Committee-approves all procurements over K50,000.00

**Procurement Planning**-Procuring Entities are required to prepare a procurement plan. Planning should result in the identification of methods to be used in procurement activities, the sequence of actions, milestones and times indicating the completion of these activities, and the preparation of applicable procedures. These shall be completed before the start of each activity.

**Contract Management**-It is a requirement that upon signing a contract, a contract manager is appointed to manage the contract. The Contract manager prepares progress reports and as a sign of acceptance of goods, works or services signs a completion certificate/goods received notes.

For all DBZ funded projects with robust procurement procedures, it is a requirement that the Bank provides quality assurance based on the guidelines of public procurement. This will provide a basis for establishing an appropriate level of confidence that the activities undertaken during the procurement process have been performed in accordance with the Public Procurement Act and its regulations.

In addition, for all DBZ funded projects without robust procurement procedures, it will be a requirement for the projects to engage a qualified procurement professional registered with the Zambia Institute of Purchasing and Supply (ZIPS) to handle all the procurement functions. Furthermore, the procurement procedures will be in accordance with the public procurement guidelines which are recognised as international best practice. The projects will be required to avail to the Bank the procurement documentation as outlined in annex 1 and 2. In addition, the procurement methods and thresholds outlined in annex 3 will be strictly adhered to by the projects. For a detailed explanation of the procurement methods, refer to the Public Procurement Act of 2008 and the Public Procurement Regulations of 2011.

The DBZ Procurement Unit will be in charge of ensuring that the Projects adhere to the procurement guidelines by scrutinising the procurement documentation outlined in annex 1 and 2 which will be availed by the beneficiary institutions and executing entities.

**EFFECTIVE DATE:**

These guidelines are approved and adopted by the .....meeting of the Board of Directors held on the .....

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BOARD CHAIRMAN

\_\_\_\_\_  
BOARD MEMBER

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**ANNEX 1: PROCUREMENT PROCEDURES FOR GOODS, WORKS, AND NON-CONSULTING SERVICES**

| <b>No.</b> | <b>Description</b>                            | <b>Procedure/Requirement</b>  |
|------------|---|---|
| 1          | Procurement Plan                              | Avail to the Bank the procurement plan for prior approval. Template for the procurement plan will be provided   |
| 2          | Solicitation/Tender Document                  | Avail to the Bank for prior approval. Standard solicitation documents will be provided  |
| 3          | Tender Opening                                | Tender opening minutes to be availed to the Bank  |
| 4          | Extension of Bid validity                     | Seek prior approval   |
| 5          | Evaluation report and recommendation to award | Avail Evaluation Report/recommendation to the Bank prior to contract award  |
| 6          | Notice of contract award                      | Publish Contract award decision in newspaper of nationwide circulation  |
| 7          | Procurement Contract                          | Contract to be furnished to the Bank for prior authorisation.   |
| 8          | Signed contract                               | Avail a signed contract to the Bank within 5 days of signing  |
| 9          | Debriefing unsuccessful bidders               | Provide all unsuccessful bidders with a debrief as to the reasons for the failure of their bids   |
| 10         | Performance Securities                        | Request for performance security  |
| 11         | Advance payment                               | Payable to the Supplier against the provision of an advance payment guarantee, covering the full amount of the advance payment.   |
| 12         | Contract Management                           | Designate a member of staff or appoint an external where required. Contract manager to provide progress reports to the Bank.<br><br>Contract Manager shall as a sign of acceptance of goods, works or services sign a completion certificate/goods received notes |
| 13         | Contract extension                            | Seek approval from the Bank   |
| 14         | Inspection of Goods, works and services       | DBZ has the right to inspect goods, works and services at any reasonable time and place including during manufacturing or construction, prior to shipment, on delivery  |

|    |                      |   |
|----|----------------------|---|
|    |                      | <p>or completion or prior to final acceptance of the goods, works or services</p> <p>DBZ shall have the right to inspect sub-contractors of the suppliers</p> |
| 15 | Contract amendments  | Seek approval from the Bank to amend a contract and furnish written amendment to DBZ for prior approval   |
| 16 | Contract termination | Seek approval from the Bank to terminate a contract   |

## ANNEX 2: PROCUREMENT PROCEDURES FOR CONSULTING SERVICES

| No. | Description   | Procedure/Requirement   |
|-----|---|---|
| 1   | Procurement Plan                                    | Avail to the Bank the procurement plan for prior approval. Template for the procurement plan will be provided                   |
| 2   | Terms of Reference                                  | Avail to the Bank for approval  |
| 3   | Notice inviting Expression of Interest              | Publish notice requesting Expression of Interest at least two weeks before deadline   |
| 4   | Development of a shortlist                          | Proposed shortlist shall be approved by the Bank before issuing the RFP   |
| 5   | Request for Proposal(RFP)                           | Avail to the Bank for prior approval. Standard RFP will be provided   |
| 6   | Tender Opening                                      | Tender opening minutes to be availed to the Bank  |
| 7   | Evaluation of Proposals and recommendation to award | Avail Evaluation Report/recommendation to award to the Bank prior to contract award   |
| 8   | Extension of Bid validity                           | Seek prior approval   |
| 9   | Notice of contract award                            | Publish Contract award decision in newspaper of nationwide circulation  |
| 10  | Procurement Contract                                | Contract to be furnished to the Bank for prior authorisation.   |
| 11  | Signed contract                                     | Avail a signed contract to the Bank within 5 days of signing  |
| 12  | Debriefing unsuccessful bidders                     | Provide all unsuccessful bidders with a debrief as to the reasons for the failure of their bids                                 |
| 13  | Advance payment                                     | Payable to the Supplier against the provision of an advance payment guarantee, covering the full amount of the advance payment. |
| 14  | Contract Management                                 | Designate a member of staff or appoint an external where required. Contract manager to provide progress reports to the Bank     |
| 15  | Contract extension                                  | Seek approval from the Bank   |

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| 16 | Contract amendments  | Seek approval from the Bank to amend a contract and furnish written amendment to DBZ for prior approval |
| 17 | Contract termination | Seek approval from the Bank to terminate a contract   |

### ANNEX 3: PROCUREMENT METHODS AND THRESHOLDS

| No. | Procurement Method     | Description and Threshold   |
|-----|------------------------|---|
| 1   | Simplified bidding     | <ol style="list-style-type: none"> <li>1. Used for low value (up to K500,000 for goods, works and non-consulting services/K300,000 for consulting services) off the shelf purchases</li> <li>2. At least three (3) competitive quotations are obtained by use of a written Request for Quotations document</li> <li>3. The Request for Quotations should give clear instructions on the conduct of the procurement process, including the preparation and submission of quotations and information on the evaluation of quotations and award of contract</li> <li>4. Suppliers requested to submit quotations supported by certificate of registration, ZRA Tax Clearance Certificate and relevant certification, e.g. National Council for Construction</li> <li>5. There is no need to advertise and/or gazette</li> <li>6. The evaluation is based on the request for quotations that was issued</li> <li>7. The purchase is confirmed by the Local Purchase Order</li> <li>8. Authorization for award of contract is by the Managing Director or the procurement committee</li> </ol> |
| 2   | Open bidding/Selection | <ol style="list-style-type: none"> <li>1. For high value procurements (above up to K500,000 for goods, works and non-consulting services/K300,000 for consulting services)</li> <li>2. Invitations to bid are gazette and advertised in newspapers</li> <li>3. The invitation to bid is open to the public</li> <li>4. The bidding document is obtainable upon payment of non-refundable fee</li> <li>5. The invitation to bid has a minimum floatation period of four weeks for National tenders and six weeks for International Tenders<br/>Sealed bids are deposited in a tender box</li> </ol>  |

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|   |                           | <ol style="list-style-type: none"> <li>6. The public is invited to attend the tender closing and bid opening ceremony</li> <li>7. Evaluation Committee is appointed by the Managing Director</li> <li>8. Evaluation is based on the criteria given in the bidding document</li> <li>9. Authorization for award of contract is by the Procurement Committee</li> <li>10. There is a requirement for publication of the best evaluated bidder before contract award</li> <li>11. A formal contract document is signed</li> <li>12. After commencement of a contract with the successful bidder, a procuring entity informs all other bidders that their bids have been unsuccessful and shall give reasons for that decision</li> <li>13. Appointment of a contract manager</li> </ol>   |
| 3 | Limited bidding/selection | <ol style="list-style-type: none"> <li>1. Used where the circumstances do not justify or permit use of open bidding</li> <li>2. the goods, works or services are only available from a limited number of suppliers or firms</li> <li>3. there is an urgent need for the goods, works and services and engaging in open bidding would therefore be impractical</li> <li>4. The invitation to bid is not gazetted nor advertised in newspapers</li> <li>5. The invitation to bid is restricted to nominated firms only</li> <li>6. A solicitation/bidding document is prepared and obtainable upon payment of a non-refundable fee</li> <li>7. The invitation to bid has a minimum floatation period of four (4) weeks for national tenders and six (6) weeks for International tenders<br/>Sealed bids are deposited in a tender box</li> <li>8. The public are free to attend the tender closing and bid opening ceremony</li> </ol> |

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|   |                | <p>9. Evaluation is based on the criteria given in the tender document</p> <p>10. Authorization for award of contract is either by the Procurement Committee or the Managing Director</p> <p>11. A formal contract document is signed/purchase order</p>  |
| 4 | Direct bidding | <p>1. Used where the estimated value does not exceed K10,000.00</p> <p>2. An existing contract could be extended for additional goods, works and services of a similar nature and no advantage could be obtained by further completion</p> <p>3. Procurements where standardization and compatibility is required and very important i.e. where additional goods, works or services must be procured from the same source because of the need for compatibility, standardisation or continuity</p> <p>4. Due to an emergency, there is an urgent need for the goods, works and services making it impractical to use other methods of procurement because of time involved in using those methods.</p> <p>5. The goods, works and non-consulting services are only available from a single source and no reasonable alternative or substitute exists</p> <p>6. Servicing and maintenance of equipment and motor vehicle under warranty</p> <p>7. Spares from original equipment manufacturers (OMEs) and franchise holders</p> <p>8. Goods and services where personal preference arising from contractual obligations has to be taken into account</p> <p>9. Procurement of certain assets and services (including rental services) not readily available on the open market</p> <p>10. Procurements involving renewal of licenses/software for systems already acquired by procuring entities</p> <p>11. The invitation to bid is restricted to the nominated firm only</p> <p>12. Evaluation is based on the criteria given in the solicitation/bidding document</p> |

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|   |   | <p>13. Authorization for award of contract is either by the Controlling Officer or the Procurement Committee or Zambia Public Procurement Authority</p> <p>14. A formal contract document is signed/purchase order</p>   |
| 5 | Purchases from other procuring entities | <p>The procuring entity may purchase directly from another Government agency without the application of any other method of procurement where:</p> <ol style="list-style-type: none"> <li>1. there would be no benefit in purchasing from a supplier</li> <li>2. the Government agency is able to meet all the procuring entity's requirement as specified in the statement of requirement for a particular procurement need.</li> </ol> |

**Procurement procedures shall as a condition in the agreement apply in the procurement of goods, works and services financed in whole or in part by the Bank**