



NORDIC DEVELOPMENT FUND General Procurement Guidelines

1. General

Nordic Development Fund (NDF) was established in 1989 as a multilateral development institution by the five Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) to promote economic and social development in developing countries by providing concessional credits to projects of interest to the Nordic countries. NDF Credits are provided by way of co-financing, normally parallel financing, with other, primarily multilateral financial, institutions (hereinafter referred to as the Lead Agency).

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

The general procurement principles of NDF follow internationally recognised practice, e.g. as used by the World Bank and the Regional Development Banks.

It is the policy of NDF to require that Borrowers (including beneficiaries of NDF's credits), 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.

Projects should be of interest to the Nordic countries, and goods, works and services under NDF funding should mainly be sourced in competition from the Nordic countries and in accordance with these Procurement Guidelines. As appropriate, suppliers in the Borrower's country can be considered eligible.

2. Eligible Bidders

In general, an eligible bidder for contracts of goods, works and services to projects under NDF funding shall be either a citizen, a permanent resident or a registered company of a Nordic country. Eligible Bidders shall be further specified in the Procurement Schedule being an integral part of the Credit Agreement.

3. Eligible Goods, Works and Services

A substantial part of goods, works and services to be supplied under NDF funding shall be of Nordic origin. The origin of goods, works and services shall be further specified in the Procurement Schedule being an integral part of the Credit Agreement. Manufactured goods and works supplied by a registered company in the Borrower's country with a Nordic majority ownership interest shall, in respect of these guidelines, be considered to be of Nordic origin

By origin is meant the place where the goods are mined, grown or produced, or from which services are rendered. Goods are produced when, through manufacturing processing or substantial and major assembling of components, a commercially recognised product results that is substantially different in basic characteristics or in purpose or utility from its components. As for personnel nominated for a consultancy assignment, the word origin is understood to be equivalent to citizenship, residence or a long term employment record (minimum 4 years accumulated contractual assignments) with an eligible bidder.

4. Procurement of Goods and Works

In principle, procurement of goods and works under NDF funding shall follow internationally recognised practice, e.g. the practice used by the World Bank¹ and the Regional Development Banks. Tenders under NDF funding are normally referred to as **Nordic Competitive Bidding**. Invitations for Bids under Nordic Competitive Bidding shall be distributed to all eligible bidders who have made their interest in the project known to the Borrower, and to all Nordic Embassies or Consulates in the Borrower's country. NDF will forward the Invitation for Bids to the Nordic Export Councils, branch organisations and other interested parties in the Nordic countries as agreed upon.

Limited Nordic Competitive Bidding can be used in case of urgency, or when a limited number of suppliers are available. In exceptional cases, for example with only one supplier or repeat orders, NDF may approve direct negotiations with a supplier on a case by case basis.

Shopping (minimum three quotations for similar products and selection of the cheapest offer) can be used in case of small contract values.

The tender documents shall give all relevant information for the procurement and shall clearly state the type of contract(s) to be entered into, specifications, time of delivery, terms of delivery etc. As far as possible NDF encourages Borrowers to use the standard tender documents prepared by the Lead Agency adjusted for the special requirements of eligibility of these Procurement Guidelines.

In the evaluation of bids the Borrower 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 qualified bidders.

5. Procurement of Services

The general principles for selection of Consultants follow internationally recognised practice, e.g. the practice used by the World Bank² and the Regional Development Banks. Normally not less than 3 and not more than 6 eligible bidders shall be invited to bid. NDF will, on request from the Borrower, assist in the preparations of a short list or a long list (for further screening and short listing by the Borrower) of eligible bidders.

The Borrower shall prepare the Request for Proposal with all relevant information including terms of reference, the proposed contract, and the list of consultants to be invited to bid. NDF

¹ As described in the World Bank Guidelines – Procurement under IBRD Loans and IDA Credits of January 1995, revised January and August 1996, September 1997, and January 1999.

² As described in the World Bank Guidelines – Selection and Employment of Consultants by World Bank Borrowers of January 1997 and revised September 1997 and January 1999.

recommends that the standard formats of contract documents of the Lead Agency be used as far as possible. The method of evaluation shall be outlined in the letter of invitation.

In selecting consultants, the Borrower shall ensure economy and efficiency in the execution of the project. The evaluation of proposals shall follow the method of evaluation specified in the Request for Proposal and ensure that the quality of services is satisfactory, and that the selected bidder and nominated personnel are eligible.

6. Responsibilities of the Borrower

The Borrower is responsible for the procurement and shall ensure that these Procurement Guidelines form an integral part of all procurement documents used under a NDF Credit. In particular the following considerations shall be made:

- (i) tenders are only open to eligible bidders as specified in para. 2 above;
- (ii) Requests for Proposal and tender documents shall be reviewed and no objection given by NDF before bids are called for. Likewise, in cases of limited tenders for goods and works and in case of invitations for consultancy services, NDF shall approve the list of bidders to be invited;
- (iii) the tender evaluation report shall be sent to NDF for review and no objection before award of contract. In cases where the evaluation report recommends further negotiations with the best evaluated bidder, such negotiations shall not take place before NDF has reviewed the evaluation report and NDF has 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) negotiated contracts shall be sent to NDF for review and no objection before being signed by the Borrower; and
- (v) a copy of the contract, when signed by both parties, shall be sent to NDF for information. No disbursements related to financing of a contract will be made under the NDF Credit before the executed contract is received by NDF

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