

## **Guide to procurement of consulting services (06/2007)**

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## Preliminary remarks

At the formation of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH the Federal Minister for Economic Cooperation and Development (BMZ) stated in Art. 5 para. 1 of the General Agreement: "GIZ shall in meeting its obligations use the services of suitable companies in the private sector, government agencies and specialist institutions, if and to the extent that this appears expedient and economical."

Whereas in the first decades of development, the major development banks and the EC asked for technical cooperation to accompany investments, the separation of technical cooperation (TC – GIZ) and financial cooperation (FC – KfW) in Germany led to technical cooperation becoming an autonomous instrument in development policy. As a result of these two developments, demand for technical cooperation in a range of fields was not frequent and steady enough for several consulting firms to develop a range of services in competition.

Historically speaking, the consulting industry had focused on those specialist areas where there was broad and continuous demand from the KfW and international financiers. Another factor was that – in contrast to the working areas specific to GIZ – demand here concentrated on engineering and management qualifications which could be employed similarly in the German and European market.

In the past 15 years, there has been a shift in demand at both the major financing institutions and GIZ, and the consulting industry too has accordingly continued to develop and expand its range of services.

The development banks and the EU Commission increasingly need the instrument of technical cooperation, which in German terms is a classic: capacity building of project executing agencies and target groups as a key and independent responsibility of projects, in other words far removed from conventional technical and management consulting, and used strategically as a supporting measure for investments.

The complexity of development and the importance accorded to responsibility on the part of the project executing agency, self-help and individual initiative, are prompting GIZ to make increasing use of process-oriented and participative processes and measures. GIZ understands Sustainable Development as a permanent negotiating process for achieving the often competing objectives of economic development, social justice and an intact environment. In this respect capacity development is crucial for the effectiveness of Development Cooperation and basically means change management to develop human and organisational capabilities as well as to structure economic, policy and social frameworks.

As an organisation, GIZ is mirroring this social trend in development in its own organisational form, by moving decisions – as far as possible – to the level nearest to the issue, by increasing the flexibility of structures and procedures, and by decentralising its own external framework for the processes described.

Even so, the principle of Art. 5 para. 1 of the General Agreement between BMZ and GIZ still applies – and rightly so.

GIZ regards close cooperation with experienced firms as a way of optimising German development services by mobilising human resources better, permitting concentration on priority areas, and exploiting the potential for new market openings.

This combination of necessity and opportunity for optimisation is particularly important in the context of a constantly changing profile of requirements for the assigned German experts, increased use of local experts, and the constraints of development cooperation funding. It benefits from the extensive contacts of the GIZ sectoral experts with the consulting industry, as does the concrete decision whether to use in-house resources or outsource, and from the inclusion of assigned consulting firm staff in GIZ briefing of field staff, and subsequently in the work of the sectoral networks. The decision on in-house implementation or outsourcing to German and European consulting firms and on entering into contracts is taken at the GIZ Head Office in Eschborn, while in the implementation phase, responsibility for implementation tasks is generally assigned to the local level nearest to the issue.

This guide presents the stages in the process chain “Procurement of consulting services” in such a way that all the individuals involved in the process in Germany and abroad can see clearly – in consultation with the person normally responsible at the consulting firms and GIZ – who is doing what, and to what goal. Variations on this are conceivable, but need explanation for the purposes of transparent cooperation.

The basis for a contract to be entered into by GIZ and consulting firms on implementing the German contribution to a development project/programme is the contract from BMZ.

This procedure applies mutatis mutandis for contracts from other federal ministries issued to GIZ under the General Agreement, unless stipulated otherwise in the individual contracts.

The purpose of this guide is to show the division of functions and responsibilities between consulting firm staff and GIZ staff in order to facilitate cooperation. For example, queries by consulting firms during implementation of an outsourced project/programme must be directed solely to the responsible contract officer (CO) organisation unit 5031 (OU 5031), who will answer these.

**1. Implementation of the German contribution to a development project/programme by consulting firms with an order volume exceeding EUR 500,000 (outsourced project/programme)**

**1.1 Decision on subcontracting to consulting firms or implementing with GIZ staff**

**1.1.1 Formulate ToR (Terms of Reference) for a project/programme appraisal**

The process of deciding whether a project measure will be subcontracted to a consulting firm (CF) or implemented by GIZ staff begins already with formulation of the ToR for the project/programme appraisal.

**1.1.2 Draw up ToR for a project/programme appraisal**

The ToR for the appraisal team are determined following the principle of the least restrictive means for the level and need for intervention for the specific project/programme (e.g. financial contribution, local experts, short-term assignments or seconded experts). P+D is responsible for reviewing the question of in-house implementation or outsourcing on the basis of the principle of subsidiarity. Any consulting firm contracted to prepare the project/programme can be excluded from the invitation to tender for subsequent implementation on the grounds of distortion of competition, unless it can prove that the experience it gained in the preparation will not or has not distorted the competition.

P+D, country departments, cf. Art. 5 (1) of the General Agreement

**1.1.3 Approval of offer concept**

After completion of the appraisal/preparation, a PPS document is elaborated on the responsibility of the officer responsible for the contract and cooperation; this document must be attached to the documentation on the decision on outsourcing or in-house implementation (cf. the regulations on ZAK procedure specific to the respective Departments). The documentation must be completed for all offers (new project/programmes and decisions on extending project/programmes) to BMZ or other federal ministries on the basis of the General Agreement where:

- the assignment of international and/or national experts exceeds 12 EM and/or
- the assignment of short-term staff is planned exceeding an order volume (the amount cost for external personnel, costing line 2) of EUR 500,000.

The documentation is signed by management (technical division director, regional director). The technical division director has the primary responsibility for the proposal. In the event of disagreement, the Directors General of the relevant OUs decide.

P+D, country departments cf. range of services of the consulting industry in handout on using documentation

**1.1.4 Launch meeting on consulting contract: agreement and preparation**

The technical division, regional division and contract management consult on responsibilities and details of preparation for the subsequent invitation to tender in a launch meeting:

1. determine the order placement procedure
2. clarify content of tender, clarify contract, clarify any reasons for exclusion, place GIZ staff
3. agree responsibilities, jointly set deadlines for implementation of tender
4. Code of Conduct for current invitation to tender (equal treatment, confidentiality)
5. participants in the process sign a declaration of neutrality and secrecy

ORCC (can be delegated to regional director), SPOs, COs

**1.2 Expressions of interest, announcement of order placement, invitation to tender**

**1.2.1 Expression of interest**

GIZ enables consulting firms to submit expressions of interest in participating in tenders on the GIZ website under "Bidding opportunities" ([www.GIZ.de/en/ausschreibungen](http://www.GIZ.de/en/ausschreibungen)).

For a tender volume exceeding EUR 193,000 or a term exceeding 12 months, an expression of interest is generally required.

The SPO draws up the order placement sheet without specifying a shortlist. The following (inter alia) are entered: processing number of cost centre, project/programme title, country of assignment / content of contract, category under contracting rules for award of public freelance service contracts (VOF), (proposed) order placement procedure, type of contract, technical allocation, maximum contract value, likely start of contract, signatures are entered on the left of the sheet.

SPO

SPO

The SPO draws up the technical documentation for the expression of interest. The following assessment grid (standard) is taken as a basis for the technical appraisal:

Criteria	standard weighting, %
<b>1. Firm's technical/regional experience</b>	
1.1 Firm's technical experience (in relevant areas)	25
1.2 Firm's regional experience	20
<b>Total</b>	<b>45</b>
<b>2. Firm's other experience</b>	
- development cooperation experience	10
- technical cooperation experience	10
- international experience	10
<b>Total</b>	<b>30</b>
<b>3. Personnel resources (general information on firm)</b>	
3.1 Tech. backstopping in relevant areas	15
3.2 Tech. backstopping in relevant cross-cutting themes	10
<b>Total</b>	<b>25</b>
<b>Grand total</b>	<b>100</b>

CO

The CO reviews the documents and puts the expression of interest on the Internet.

CO

The notice for the announcement is generally 14 days.

SPO

**Evaluation of expressions of interest**

The CO subjects the expressions of interest received to commercial review.

CO

The SPO evaluates the technical information using the assessment grid (see 1.2.1) and uses this to draw up a proposed shortlist.

The SPO and CO determine the shortlist jointly, which generally contains up to six firms. Consulting firms not shortlisted are sent a letter of rejection.

**Evaluation of the expressions of interest normally takes 2-3 weeks.**

**1.2.2 Announcement of order placement under the Standard Official Contracting Rules for Services (VOF), invitation to tender**

Announcements of order placement must be made if the services to be provided come under the following 1A categories of the VOF:

Category	Title
1	Maintenance, repair
2	Land transport including money transport and courier services, excluding scheduled services
3	Air cargo and passenger transport, excluding mail transport
4	Land and air mail transport
5	Telecommunications
6	Financial services a) insurance b) banking services, securities transactions
7	Data processing and associated activities
8	R&D
9	Bookkeeping, accounting and auditing
10	Market research, public opinion polls
11	Management consulting and associated activities
12	Architecture; technical consulting and planning, integrated technical services; urban and landscape planning; associated scientific and technical consulting; technical testing and analysis
13	Advertising
14	Building cleaning, building management
15	Printing and publishing for remuneration or on contractual basis
16	Solid waste and waste water disposal; sanitary and similar services

Announcements are published in the EU Official Journal.

The (senior) SPO draws up the order placement sheet without specifying a shortlist.

The following (inter alia) are entered:

processing number of cost centre, project/programme title, country of assignment / content of contract, announcement of order placement or participation in tender, category under contracting rules for award of public freelance service contracts (VOF), CPC reference, VOL/A category, (proposed) order placement procedure with rationale, type of contract, technical allocation, maximum contract value, likely start of contract.

SPO, CO

Signatures are entered on the left of the sheet.

The SPO provides the technical part of the announcement text to the CO. The CO adds the commercial and administrative information.

SPO, CO

For European invitations to tender, at least 37 days are required from the date the announcement is sent to the EU Official Journal to the last date for receipt at GIZ. Under certain circumstances, for which GIZ must not be responsible, this period can be reduced to at least 15 days.

processing period for the CF at least 37 days

The assessment grid and weighting for the technical evaluation of participation applications are drawn up by the SPO on the basis of the agreements in 1.1.4. The CO checks the plausibility of the assessment grid and weighting, and adds the supplementary commercial criteria.

SPO, CO

The CO is responsible for forwarding the announcement text to the EU Official Journal. They also initiate deadline follow-up and registration of participation applications received.

CO

5034 and the CO open the participation applications after the end of the submission period, record receipt of the application in accordance with VOL/A or VOF, review the applications commercially and forward the applications to the SPO.

CO, cf. VOL/A, VOF

Technical evaluation of the participation applications is performed by the SPO. A period of approx. two weeks must be allowed for this. The result is a proposed shortlist of potential contractors. The SPO returns the participation applications to the CO.

SPO approx. 2 weeks SPO

The CO checks the technical assessment for plausibility and the proposed shortlist. The CO also notifies consulting firms promptly in writing if they will not be participating in the invitation to tender.

CO duration: 1 week

The shortlisted firms are potential bidders and are entered by the SPO on the order placement sheet in the contract processing and settlement system ESPRIT. This is printed out again and signed by the SPO and CO.

SPO

The announcement of the order placement/invitation to tender (in 1A cases) normally takes approx. 10 weeks to process.

### 1.3 Competitive bidding

#### 1.3.1 Order placement sheet

After completion of the letters of interest or announcement of the order placement/invitation to tender, the order placement sheet with the shortlist and signatures on the right is supplemented.

#### 1.3.2 Assessment grid and weighting for technical analysis of consulting bids

In this step the assessment grid and weighting for the technical evaluation of bids are drawn up by the SPO on the basis of the agreements in 1.1.4.

SPO, cf. assessment grid for technical evaluation of bids and instructions for this

Generally the following standard weighting is used:	weighting	standard weighting, %	min/max weighting, %
1	Experience of the company	10	8-12
2	Appropriateness of suggested concept and work plan	20	15-25
3	Technical backstopping	10	8-12
4	Consideration of local resources	10	8-12
5	Qualification of proposed staff	50	45-55

The CO checks the technical assessment and weighting for plausibility.

CO

### 1.3.3 Preparation of tender, documentation

The SPO prepares the invitation to tender. For this, they assemble the relevant documentation and information for the bidding (see 1.3.6, among others) and agrees the final deadlines for implementation with the ORCC and CO (incl. deadlines and participants for the evaluation meeting under 1.3.6)

Note that the CF must be given a period of (normally) approx. 6 weeks to submit bids. A period of normally approx. 2 weeks must also be scheduled for the SPO and a period of normally approx. 5 working days for the CO to evaluate the bids within the framework of the evaluation meeting under 1.3.6.

If GIZ staff is proposed to CFs for tendered assignments, the SPO must obtain a signed salary agreement from the relevant staff member and a declaration of equal treatment of CFs.

These are sent to the CFs together with the invitation to tender and the CV of the GIZ staff member. The SPO also consults with OU 503 (Contracting, Procurement and Logistics) on whether procurement of materials and equipment can be delegated to the CF for procurement budgets in excess of EUR 12,500 in justified exceptional cases.

The SPO draws up invitations to tender (advised by the CO) and the specification, signs on the right and forwards the complete tender documentation to the CO.

SPO

CO, approx. 2 working days

Period: CF approx. 6 weeks (normal)  
SPO approx. 2 weeks  
CO approx. 2 working days, cf. handout on implementing bids with GIZ staff in consulting bids

SPO\*

cf. paper: procurement of materials and equipment by GIZ (normal)  
SPO\*

### 1.3.4 Sending out tender documents, monitoring of deadlines and drawing up of opening protocol for the technical bids

The CO checks the plausibility of the tender documentation (invitation to tender, bidding documents) and generally e-mails an access code to the CF which enables the CF to access the bidding documents on the GIZ Internet. The CF submits its technical and price bid by the submission deadline on paper in the two-envelope procedure.

The CF should submit signed standard CVs for the experts and offer mixed rates for the STEs, to be named and divided into international and local STEs. The technical and price bid must be sealed separately (two-envelope procedure) and sent to GIZ in the period specified in the invitation to tender.

Queries about the bids by CFs must be sent solely in writing (in electronic form too) to the responsible CO, who consults the SPO and replies to these in writing; any additional information is sent to all CFs. Any infringement can lead to the bid not being considered.

OU 503 opens and marks the technical bids after the submission deadline, records receipt of bids in accordance with VOL/A, VOF, and forwards the technical bids to the SPO.

CO, cf. VOL/A

CF  
Specimen CV in the conditions of tender

CF to CO  
SPO

OU 5034 and CO

cf. VOL/A, VOF

- 1.3.5 Technical assessment of the bids**  
 The SPO evaluates the bids technically (points for the CF in accordance with assessment grid). For tenders in excess of EUR 193,000 (excl. procurement of materials and equipment), a second, separate technical evaluation must be made by the SPO.
- SPO, poss. division director P+D  
 cf. comments on assessment grid for technical evaluation of bids
- 1.3.6 Determining technical ranking**  
 At a joint evaluation meeting with the SPO, ORCC (or their delegate) and CO, the SPO and ORCC jointly determine the technical ranking. If the ORCC does not attend the evaluation meeting, the SPO must notify them of the result during the preliminary phase and consult with them. The CO checks the technical assessment for plausibility. After the final technical ranking is decided, the SPO and ORCC document the bids to be excluded for technical reasons.
- SPO  
 ORCC  
 CO
- CO
- SPO, ORC
- 1.3.7 Opening protocol for price bids, commercial assessment**  
 OU 503 opens the price bids for the CFs which qualify technically, labels them and protocols receipt of bid in accordance with VOL/A, VOF.  
 The CFs excluded on technical grounds receives written notification of rejection together with their unopened price bids. They are subsequently told about the successful bidder.  
 The SPO evaluates the relevant price bids commercially and draws up the commercial ranking.
- OU 503  
 cf. VOL/A,  
 VOF, CO
- 1.3.8 Determining overall ranking**  
 In the resumed joint evaluation meeting (1.3.6/7) the SPO, ORCC and CO determine the overall ranking (generally, the technical bid has a weighting of 70% and the price bid of 30%) and clarify the contractual basis (e.g. is there a BMZ contract, is the project agreement or implementation agreement signed, must preapproval be obtained?) (cf. 1.1.4)
- SPO, ORCC,  
 CO
- 1.3.9 Order placement decision**  
 The order placement decision (decision on overall ranking) is taken by the Director of the P+D Division and – depending on power of signature – CO, Head of Section 5031 or Director of Division 503. In the event of disagreement, the order placement committee decides. If there is a delay in the tender, GIZ notifies the bidding CFs of the new timetable by asking for an extension of the binding period.
- DD P+D  
 DD 503 order placement committee

**1.3.10 Personnel presentation within the scope of the contract negotiations**

The leading bidder can be asked within the scope of the contract negotiations to present its personnel. Within the scope of the personnel presentation the bidder must show that the concept and the person of the long-term expert provide sufficient guarantee for successful implementation of the tendered project/programme and achievement of the project/programme objectives. GIZ reserves the right to break off negotiations if serious doubts remain as a result of the presentation. The next bidder in the overall ranking is proposed for the revised order placement decision.

SPO, ORCC,  
CO

**1.3.11 Letters of rejection**

After the order placement decision, the unsuccessful firms are notified of the result of the order placement procedure. They then have 14 days to object.

CO

**1.3.12 Processing period**

The competitive bidding procedure normally takes 16-20 weeks from beginning to end.

**1.3.13 Special cases in the procedure**

**Assignment of GIZ staff in project/programmes of consulting firms**

GIZ can, in exceptional cases, recommend GIZ staff members to consulting firms for assignment in the tender. In such cases, P+D must obtain from the specific staff member a declaration that the consulting firm will receive equal treatment, using a set form letter, and arrange for the salary to be determined by the Personnel Division.

In principle

- a) only staff with permanent contracts may be recommended and
- b) for follow-on phases, where the previous phases were implemented

by GIZ, the staff assigned to this project with temporary GIZ contracts where applicable.

ORCC, SPO, CO

The regional divisions, ORCC, SPO and CO involved in the process have the right to make such recommendations. The decision is taken at the launch meeting.

The salary required by the staff member from all consulting firms is based on the grading (under the prevailing collective bargaining agreement for GIZ field staff) by the Personnel Department for the relevant assignment. The consulting firm is informed of this grading by GIZ together with the bidding documents following acceptance by the relevant staff member.

## 1.4 Drawing up the contract

### 1.4.1 Contract negotiations

The SPO handles technical preparation of negotiations, the CO handles commercial preparation. For this, the SPO provides the CO with the draft for sections 1-6 of the contract and the ToR. The CO and SPO conduct negotiations with the CF.

total duration  
approx. 4  
weeks

SPO, CO

SPO, ORCC,  
CF staff, team  
mgr

CO, SPO, CF

### 1.4.2 Technical part of the contract

The SPO draws up the final technical part of the contract (sections 1-6) and the ToR. For the sake of simplicity, the CF technical bid should be incorporated in the contract, wherever suitable. This requires that the CF does not have any commercial implications in the technical part.

SPO

CF

### 1.4.3 Clarifications, full contract

The CO draws up the commercial part of the contract (sections 7 and up) and checks the full contract for coherence, completeness and contractual basis. The SPO retains technical responsibility for the contract and the CO commercial responsibility. As a result the CO must intervene if there is no valid BMZ contract.

CO

Any necessary changes in the technical part of the contract or ToR must be made by the SPO (also possible under 1.4.4 for the ToR) or can be incorporated in sections 1-6 by the CO.

SPO, poss. CO

### 1.4.4 Signatures

The CO forwards the contract to P+D for signature. P+D signs the contract on the right and returns it to the CO for signature on the left.

CO, P+D  
(based on the  
standard  
delegation of  
function by  
ORCC to P+D)

### 1.4.5 Documentation, mailing and return check on contract, EU announcement of order placement

The CO in OU 5031 enters the contract in ESPRIT and sends it to the CF, with a copy to the SPO, ORCC and GIZ Office.

CO, ORSC

The CF should return the signed contract to OU 503 within a week.

CF duration: 1  
week

The CO checks the contract after return for completeness and amendments and initials it, if the contract is concluded. If the CF has made amendments to the contract, the CO in consultation with the SPO clarifies the problems with the CF and concludes the contract. Subsequently the CO forwards the contract to the responsible FiT for financial processing together with the order placement documentation and negotiations documentation and forwards a scanned in copy of the contract (with any amendments) to the ORCC as notification of conclusion of the contract.

CO

SPO\*

CO

For contracts with an order value exceeding EUR 193,000 the CO notifies the EU of order placement in accordance with VOF or VOL/A.

OU 503, cf.  
VOF or VOL/A

**1.4.6 Open contract file, give instructions for advance payment**

The CO/FiT opens the contract file and gives instructions for advance payment on request by the CF in accordance with the contractual provisions.

CO/FiT  
CF  
CO/FiT

**1.5 Project implementation**

**1.5.1 Internal GIZ briefing for consultant staff**

An effort is made to involve CF experts in TC measures, or in any case the team managers or other key personnel in such measures, in preparation for new field staff (cf. "Drawing up preparation modules"). Agreement in which of the possible modules the CF staff or team manager will participate is reached between the regional director and CF management (cf. 1.4.1).

Regional  
Director,  
CF

Independently of this the GIZ ORCC and responsible SPO jointly discuss the CF staff's or TM's tasks with them. Generally, the ORCC will be the Country Director of the local GIZ Office, so that minutes must be taken of meetings at Eschborn and further operationalised locally with the ORCC after the CF staff or TM arrive. The meeting with the SPO must specifically clarify participation by CF staff or TM in the relevant sectoral network and the associated expectations.

SPO, ORCC (if  
at Head Office),  
CF staff, TM  
Country  
Director of local  
GIZ Office  
SPO, CF staff,  
TM  
Cf. position  
paper on  
sectoral  
networks in GIZ  
dated 1.11.96

**1.5.2 GIZ contact person for staff/team manager of consulting firm**

Generally, the Country Director of the local GIZ Office or programme manager is the ORCC for the BMZ contract. The contractually agreed reports or statements go to the ORCC. It is at the discretion of the CF when and in what form the CF staff or TM agree on the content and form of the reports and other statements to the ORCC (locally) with their head office.

CF staff, TM,  
Country  
Director at local  
GIZ Office,  
programme  
manager

**1.5.3 Performance progress, disruptions, contract changes**

CF staff or TM and ORCC meet at regular intervals to exchange information on project progress or disruptions. The ORCC at their discretion can settle problems which are minor and of secondary contractual importance directly with the CF staff or TM. For major technical problems, clarification should be delegated to P+D using a job order.

ORCC, CF  
staff, TM

In the event of disruptions, the CO is involved as early as possible to review or assert claims.

ORCC, P+D  
  
CO

<p>Generally, the ORCC must notify the CO of all changes affecting the contract in good time before implementation with the necessary information, in the form of a structured proposal for contract amendment: the CO also provides advice in advance. The CO makes the amendments. For this, the CO negotiates with the consulting firm's head office and agrees the amendments in writing. The CO forwards the draft contract amendments electronically to the ORCC for consultation. The amended contract must be signed by the regional director and OU 503. OU 5031 enters them in ESPRIT.</p>	<p>ORCC, CO</p> <p>CO, CF</p>
<p><b>1.5.4 Responsibility for implementation of consulting firm</b> The CF staff or TM can call for services under the contract, e.g. STEs, in accordance with project progress without involving the ORCC. Drawing up ToR, selecting STEs and accepting STEs' services all come under the responsibility for implementation of CF staff or TM. The CF is responsible to GIZ for results.</p>	<p>CF staff, TM</p> <p>CF</p>
<p><b>1.5.5 Processing quarterly statements of account</b> Quarterly statements are first checked by the ORCC to confirm performance and then checked for commercial and arithmetic correctness by the CO/FiT at GIZ Head Office. Instructions for payment are issued by the CO/FiT.</p>	<p>ORCC CO/FiT</p>
<p><b>1.5.6 Complete performance, final report</b> On completion of a TC measure, the ORCC accepts complete performance (this should be done within 4 weeks). The ORCC issues a job order for the SPO to comment on the CF final report. Disruptions or reduced performance are documented by the ORCC and notified to the CO/FiT to be taken into account in the final settlement of account. The ORCC is responsible to BMZ for the final report on this TC measure. For this, the ORCC can involve P+D and/or the regional director, using a job order.</p>	<p>ORCC</p> <p>ORCC -&gt; SPO</p> <p>ORCC ORCC -&gt; P+D, Regional Director</p>
<p><b>1.5.7 Final statement of account</b> The CF final statement of account for this TC measure is checked on the basis of acceptance of complete performance by the ORCC and sent to the CO/FiT for commercial and arithmetical checking and settlement.</p>	<p>ORCC CO/FiT</p>
<p><b>2. Follow-on contract</b></p>	
<p><b>2.1 General</b> A follow-on contract is a further phase in a measure whose first phase was contracted under competitive bidding. To conclude a follow-on contract with the same CF without a tender, the following conditions must be satisfied:</p>	
<p>a) For national tenders</p> <ul style="list-style-type: none"> <li>▪ The service for contracting qualifies under VOF appendix 1B or the conditions for the application of VOL/A are not met.</li> <li>▪ Previous performance satisfactory.</li> <li>▪ Same staffing must be ensured.</li> <li>▪ No material conceptual changes from the original concept in the invitation to tender.</li> <li>▪ Price adjustment clause under the previous contract applies.</li> </ul>	

- b) For European tenders
- The service for contracting qualifies under VOF appendix 1A or the conditions for the application of VOL/A are met, and the service for contracting matches the basic draft for the previous phase, this was put out for European tender, the invitation to tender announced the possibility of order placement for the follow-on phase as a follow-on contract on the basis of negotiation without invitation to tender, and the conclusion of the contract for the previous phase was within the past 3 years.
  - Previous performance satisfactory.
  - Same staffing must be ensured.
  - No material conceptual changes from the original concept in the invitation to tender.
  - Price adjustment clause under the previous contract applies.

In view of marginal or special cases under order placement law, the applicable order placement procedure must be determined at the latest 6 months before the start of the follow-on phase. For this purpose, the ORCC or their delegate, a representative of the CF and the CO should meet between 6-9 months before conclusion of the current phase to clarify the following:

ORCC or delegate,  
CF, CO (occasionally)

- Is continuation of the measure generally desired by partner and BMZ?
- Proposed funding (partner, BMZ)
- Previous performance satisfactory
- Can CF ensure same staffing?
- Deadlines for possible project progress reviews/project progress monitoring
- Deadlines for "ZAK" / offer to BMZ
- Deadline for CF offer

The CO decides whether the measure can be contracted directly without an invitation to tender as a follow-on contract, or whether it must be awarded through an invitation to tender.

CO

The basis for the order placement decision is the technical and price offer for the follow-on phase which is to be submitted by the CF currently contracted under section 6 of the existing consulting contract, if possible, 6 months before completion of the current phase without the explicit request of GIZ. The CF currently contracted takes the results of the preceding project progress reviews into account here.

CF

The review of the situation can lead to the following order placement decisions:

- a) No follow-on contract
- aa) contract value exceeding EUR 500,000  
The procedure in section 1 "Implementation of the German contribution to a development project/programme by consulting firms with an order volume exceeding EUR 500,000 (outsourced project)" applies.
- ab) contract value exceeding EUR 193,000 and less than EUR 500,000  
The procedure in section 3 "New contracts with consulting firms with an order volume exceeding EUR 193,000 and less than 500,000 EUR" applies.

- ac) contract value less than EUR 193,000  
The procedure in section 4 “New contracts with consulting firms with an order volume less than EUR 193,000” applies.
- b) Follow-on contract: cf. 2.2

## 2.2 Procedure for follow-on contract

### 2.2.1 Drawing up order placement sheet, preparing to draw up contract

The ORCC draws up the order placement sheet using ESPRIT (cf. comments in 1.2.1, 1.2.2).

ORCC

If the ORCC does not have access to ESPRIT, they can contract the responsible RD or SPO to draw up the order placement sheet in ESPRIT. The ORCC can also draw up the order placement sheet manually using the “order placement sheet” form and forward it with the associated documentation (CF offer and related correspondence between GIZ and CF, ToR, information for sections 1-6 of the contract) to the RD to draw up the follow-on contract, taking into account agreements already concluded. The RD enters the order placement sheet in ESPRIT on this basis.

RD, SPO

RD

RD

### 2.2.2 Drawing up the contract

The procedure in section 1.4 “Draw up contract” applies in the same way.

ORCC

The only point to bear in mind is that the ORCC must if necessary delegate their functions in drawing up and concluding the contract to the RD or SPO.

## 3. New contracts with consulting firms with an order volume exceeding EUR 193,000 and less than 500,000 EUR

With the exception of the “Consulting checklist” (1.1.3) the procedure in section 1 “Implementation of the German contribution to a development project/programme by consultings firms with an order volume exceeding EUR 500,000 (outsourced project/programme)” applies

## 4. New contracts with consulting firms with an order volume less than EUR 193,000

With the exception of the “Consulting checklist” (1.1.3) and optional launch and evaluation meeting (1.1.4, 1.3.6) and expressions of interest (1.2.1), the procedure in section 1 “Implementation of the German contribution to a development project/programme by consulting firms with an order volume exceeding EUR 500,000 (outsourced project/programme)” applies.

The question whether to hold a launch and/or evaluation meeting must be settled by joint agreement between the ORCC or their delegate and the CO.

ORCC or  
delegate, CO

If a national invitation to tender/expression of interest is to be carried out, note that the CFs must be given a reasonable period (approx. 2 weeks) to draw up their applications to participate.

processing  
time for CFs:  
approx. 2  
weeks

The CO is responsible for forwarding the announcement text to the BfAI (Federal Agency for Foreign Trade). They also initiate deadline follow-up and registration of participation applications received. The further procedure is the same as for European invitations to tender (cf. 1.2.2).

CO

If no invitation to tender is issued, the SPO draws up the order placement sheet as in 1.2.1 or 1.2.2 plus the shortlist proposal agreed in 1.1.4. In addition to qualified firms registered with GIZ, at least one registered CF which is not yet regularly contracted or invited must be included. The shortlist should contain at least 3 firms. The reasons for selecting the firms should be set out in writing.

SPO

An invitation to tender along the lines of VOL/A should be carried out. If a decision is taken not to do so, the SPO states the reason for this on the order placement sheet. The CO checks whether this reason meets the requirements of VOL/A and then determines the binding order placement procedure and the shortlist (in consultation with the SPO). The procedure to be applied is entered in the order placement sheet by the CO with the corresponding reasons. The CO must be involved promptly so as to leave sufficient time to carry out the invitation to tender. The deadlines for submission of bids and the period for internal GIZ processing can be reduced as appropriate on the basis of the scope of requested services.

cf. VOL/A

SPO  
CO

CO

## 5. Individual measures with a likely order value less than EUR 20,000

For Individual measures whose total order value will not exceed EUR 20,000 an invitation to tender under 1.3 can be waived for economic reasons.

In such cases the ORCC is authorised to obtain an offer directly from a suitable CF of their choice based on the ToR, the technical details of which they agree with the CF.

ORCC, CF

The reasons for waiving the invitation to tender and selecting the CF must be documented by the ORCC on the order placement sheet.

For negotiations of commercial issues and contract formulation, the ORCC involves the CO directly, clearly stating the ToR.

CO

The ORCC draws up the order placement sheet using ESPRIT (cf. comments in 1.2.1).

ORCC

If the ORCC does not have access to ESPRIT, he can commission the responsible RD or SPO to draw up the order placement sheet in ESPRIT. The ORCC can also draw up the order placement sheet manually using the "order placement sheet" form and forward it with the associated documentation (CF offer and related correspondence between GIZ and CF, ToR, information for sections 1-6 of the contract) to the CO to draw up the consulting contract, taking into account agreements already concluded. CO draws up the order placement sheet on this basis using ESPRIT.

RD, SPO

CO, RD, SPO

To comply with the principle that contracts must be concluded in writing before the start of a contract, the ORCC provides the CO with the specified documents for these cases at least 3 weeks before the start of the contract.

ORCC

**6. Service contracts with local and regional consulting firms**

For contracts concluded with local and regional CFs for more than EUR 25,000, the ORCC contacts the CO responsible to agree on the procedure immediately after identifying the need. An invitation to tender following the procedure in sections 1 - 3 must be carried out, possibly with participation of the German CFs. ORCC

Based on the principle of economic efficiency, contracts with local and regional CFs for an order value up to EUR 25,000 can be concluded directly by the local GIZ Office on the basis of the specimen contracts and procedural aids provided by OU 5031 and available to the ORCC. ORCC

**7. Service contracts and grant contracts with other contractors**

Other contractors in Germany and abroad are institutions such as universities, societies, NGOs (non-governmental organisations) and individual appraisers.

Service contracts with institutions other than CFs are also concluded centrally by OU 503. OU 503

The procedures differ from those described in sections 1 - 3. As a result, the CO responsible should be consulted by the ORCC if possible before submitting an offer to BMZ. ORCC

For contracts with such local or regional contractors, section 5 "Service contracts with local and regional CFs" applies analogously. cf. procedure in 5

Contracts with individual appraisers are concluded by Head Office (OU of the officer responsible for budget) or the GIZ Office responsible, if it has an ESPRIT link. For contracts with a value in excess of EUR 50,000, approval must be obtained from the CO. For contracts with local or regional individual appraisers, section 5 "Service contracts with local and regional CFs" applies analogously. RD  
CO  
cf. procedure in 5

**8. Integrity agreement**

Integrity and prevention of corruption rank particularly high for GIZ. The GIZ values and integrity system as well as the processes for placing orders with firms of consultants, suppliers, construction companies and recipients of financial contributions contain a large number of corporate obligations on the part of GIZ, as well as its staff and its contractors and partners.

The objective of the integrity agreement is

- to present this values and integrity system to the GIZ contractors in condensed form with reference to original texts,
- to commit GIZ contractors to observe the contents of this integrity agreement and to take organisational measures encouraging observance of this code of conduct by staff and subcontractors and to monitor this, and
- thus to ensure a fair order placement process and implementation of the programme/project with integrity, creating mutual trust and confidence.

This integrity agreement is to form the basis of placing orders with service companies and is to be signed by the consulting firms. CF

When orders are placed the CO will check that the integrity agreement is on file. CO

### List of abbreviations

BfAI	Bundesstelle für Außenhandelsinformation (Federal Agency for Foreign Trade)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)
CF	Consulting Firm
DD	Director of Division
CO	Contract Officer
ESPRIT	Computerised contract processing and settlement system
EC	European Community
EM	Expert-month
EU	European Union
FC	Financial Cooperation
FIT	Finance team
OU 503	Contracts, Purchasing and Logistics Division
OU 5031	Contract management group
ORCC	Officer Responsible for the Contract and Cooperation
OU	Organisation Unit
P+D	Department 4: Planning and Development
PPR	Project Progress Review
PPS	Project Processing System
RD	Regional Division
SPO	(Senior) Planning Officer
SPO*	(Senior) Planning Officer (due to case of delegation of tasks of ORCC to SPO)
STE	Short-term Expert
TC	Technical Cooperation
TM	Team Manager
ToR	Terms of Reference
VOF	Verdingungsordnung für freiberufliche Leistungen (Procurement rules for freelance services)
VOL/A	Verdingungsordnung für Leistungen - ausgenommen Bauleistungen - Teil A (Procurement rules for work and services, excepting construction – Part A)
ZAK	Approval of offer concept