

PN-ABZ-303

91898

**PROCUREMENT ASSISTANCE
TO ERITREA
HEALTH AND POPULATION PROJECT**

February 10-March 1, 1996

Todd Dickens

BASICS Technical Directive No.: 017-ER-01-036
USAID Contract No. HRN-6006-Q-00-3032-00

11

TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS	
ACRONYMS	
I. EXECUTIVE SUMMARY	1
II. PURPOSE OF VISIT	5
III. BACKGROUND	7
IV. TRIP ACTIVITIES AND FINDINGS	7
1. Procurement of Vehicles	7
2. BASICS Office Equipment and MOH Computer Requirements	13
3. PHARMACOR	17
4. Laboratory Equipment and Supplies for Drug Quality Control Laboratory	21
5. Central and Regional Laboratory Equipment and Supplies	22
V. RECOMMENDATIONS AND FOLLOW-UP ITEMS	24

APPENDICES

- A List of Contacts
- B MOH Letter on Vehicle Duty Exemption, February 28, 1996
- C Summary of Discussions with UNICEF, Save the Children, Africare, and GTZ
- D Red Sea Clearance and Forwarding Charges
- E BASICS Draft Letter to MOH on Duty Exemption for BASICS Vehicles, February 21, 1996
- F MOH Supplied Vehicle Specifications
- G BASICS Letter to MOH on MOH Vehicle Insurance Policy, February 27, 1996
- H General Information on PHARMACOR
- I PHARMACOR Invitations for Competitive Bid Document
 - a. Review of PHARMACOR International Tender Document
 - b. PHARMACOR International Tender Document
 - c. PHARMACOR Record of Opening of International Tender Document
- J UNCITRAL Arbitration Rules
- K Review of PHARMACOR Procurement Manual
- L List of Instruments, Chemicals, and Glassware Recommended for Drug Quality Control Laboratory
- M USAID Sample Purchase Order Format for Small Value Procurement
- N Proposed MOH-PHARMACOR Contract Arrangements
- O Draft MOH-PHARMACOR Contract for Purchase of Drug Quality Control Laboratory Supplies
- P Proposed PHARMACOR Payment Arrangement for Drug Quality Control Laboratory Purchases
- Q List of Supplier Catalogs Provided to MOH Laboratory Services

ACKNOWLEDGMENTS

The consultant wishes to express his gratitude to Ministry of Health personnel Mr. Iyob Tekle, Head of Planning and Evaluation, and Mr. Tewolde Ghebreyesus, Head of Administration, for their support during this consulting assignment.

Also, the consultant wishes to acknowledge the timely and helpful support provided by Ms. Carolyn Eldridge and Mr. Teame Ghebresadek of the USAID Addis contracting office.

Finally, my thanks go to Ms. Robin Anthony, BASICS Operations Coordinator, and Mr. Samuel Iyasu, BASICS Office Administrator, for their assistance with all scheduling and logistics arrangements.

d

ACRONYMS

BASICS	Basic Support for Institutionalizing Child Survival
DQCL	Drug Quality Control Laboratory
EHP	Eritrea Health and Population (Project)
ERA	Eritrean Relief Agency
4WD	Four Wheel Drive
GIS	Geographical Information Systems
GTZ	German Technical Cooperation
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information Systems
ICB	Invitation for Competitive Bid
LAN	Local Area Network
LTTA	Long Term Technical Assistance
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
PAB	Personal Accident Benefit
PATH	Program for Appropriate Technology for Health
RFQ	Request for Quote
UNCITRAL	United Nations Commission on International Trade Law
UNICEF	United Nations Children Fund
USAID	United States Agency for International Development
WHO	World Health Organization

I. EXECUTIVE SUMMARY

Purpose of Trip

BASICS/PATH consultant Todd Dickens visited Asmara, Eritrea, from February 10 to March 1, 1996, at the request of BASICS/HQ. Travel was approved by USAID/Asmara. For this assignment it was agreed the consultant would work with Ministry of Health (MOH) staff, other Eritrean government officials, USAID Mission staff, and BASICS field office staff to achieve the following objectives:

1. Finalize and document the procedures and requirements for procuring and importing vehicles for the MOH and the BASICS field office.
2. Finalize office equipment requirements and investigate MOH health management information systems (HMIS) computer requirements.
3. Assess PHARMACOR's procurement procedures to determine any modifications needed to procure drugs and medical commodities.
4. Review status of cost estimates for equipment required for the Drug Quality Control Laboratory.
5. Review status of central and regional laboratory equipment and supplies lists prepared by the Director of Laboratory Services.

Summary of Activities

1. **Procurement of vehicles.** Under Eritrean law, vehicles imported into the country are subject to duty taxes of up to 152 percent of the vehicle value. A bilateral agreement between USAID and the State of Eritrea that will extend duty-free status to vehicles and other items funded by USAID under the Eritrean Health and Population (EHP) Project has been drafted; however, final approval of this agreement by both parties may be several months away.

The consultant met with various organizations working in Eritrea, including UNICEF, Save the Children, GTZ, and Africare, to investigate the procedures they followed and the problems they encountered in bringing vehicles into Eritrea for project work. Meetings were held with MOH personnel to discuss requirements and specifications for vehicles being provided to the Ministry under the project.

The consultant also met with the USAID Contracting Officer from Addis to review USAID source and origin requirements. Local vehicle service support capabilities were investigated.

Conclusion: In Asmara there is only one local, authorized, four-wheel drive (4WD) dealership (a Toyota dealership) with the capability to service and support its vehicles. In accordance with USAID requirements, documentation was prepared to support a local single-source procurement of three vehicles for the MOH and two vehicles for the BASICS field office.

Vehicle specifications were drafted and submitted to BASICS/HQ for inclusion in a request for proposal to the local 4WD vehicle dealership. Also, a letter was submitted to the MOH requesting they pay duty on both the vehicles they receive and the BASICS field office vehicles. A letter was also submitted to the MOH requesting the current insurance policy on Ministry vehicles be amended to insure additional passengers so vehicles can be used to support the stated project objective of field supervision and outreach.

On February 28, Mr. Tewelde Ghebreyesus, Head of the Department of Administration of the MOH, informed BASICS in writing that the Ministry would obtain a duty-free certificate for all USAID-funded vehicles used by BASICS on the EHP project. The letter also confirmed that insurance coverage on MOH vehicles would be amended to cover a maximum of 10 passengers.

BASICS is proceeding with the process for local procurement of the initial five vehicles (three for the Ministry, two for BASICS). The process to procure the remaining five MOH vehicles is also underway; however, due to the estimated cumulative value of the order, a competitive bid process is required, which requires additional time to complete.

The issue of duty status on long-term technical assistance (LTTA) household and personnel goods still needs to be resolved.

2. BASICS office equipment and MOH HMIS computer requirements. The consultant met with BASICS Operations Coordinator Ms. Robin Anthony and Office Administrator Mr. Samuel Iyasu to review the status of the procurement of equipment and supplies for the BASICS/Asmara office. The consultant also met with Ms. Berhanna Haile, Head of the Health Information and Resources Office of the MOH. Computer system requirements for the MOH HMIS system were discussed with Mr. Jeremy Clark, BASICS candidate for the long-term HMIS technical assistance position.

Conclusion: The procurement of office equipment has been delayed due to the uncertainty of the duty status for these items. The MOH has verbally agreed to either pay duty for BASICS office equipment or arrange to obtain a duty exemption certificate. Based on this, BASICS is proceeding to order office equipment and supplies.

A shipment of BASICS office supplies is scheduled to arrive the week of March 5. This trial shipment should demonstrate how effectively the customs and duty clearance process proposed by the MOH will work. Better payment terms were obtained from the photocopier supplier and it is being ordered by BASICS/HQ. Office chairs were ordered and delivered, and file cabinets were to be ordered the week of March 7.

Computer requirements and specifications for the BASICS field office were discussed with the BASICS long term HMIS candidate, and quotes from local suppliers for suitable equipment were to be requested by BASICS/Asmara.

Requirements for the MOH HMIS computer equipment were also discussed with the BASICS HMIS candidate. Recommendations for appropriate hardware and software were provided. The HMIS candidate recommended that these computer systems not be procured until the HMIS is in place. The earliest estimated date for start-up of the HMIS is January 1997. Procurement of computer systems would be scheduled so that delivery of the equipment supports HMIS start-up.

3. Assessment of PHARMACOR's procurement procedures and ability to procure items funded by USAID. The consultant had an initial meeting with Mr. Misghinna Tekleab, PHARMACOR General Manager, and Mr. Fessehatsion Markos, PHARMACOR Procurement Manager, and obtained a copy of PHARMACOR's recent international tender bid document and a draft version of the PHARMACOR procurement manual. The consultant also joined Mr. Teame Ghebresadek, of the USAID Contract Office in Addis Ababa, in a meeting with Mr. Fessehatsion Markos to review PHARMACOR's procurement system to determine if it can be approved for purchasing items financed by USAID.

Conclusion: The consultant reviewed the PHARMACOR international tender document, which is based on sample bidding documents provided by the World Bank. The document is well structured and reasonably thorough in addressing the key subject areas required for international competitive bidding. Suggestions for modification were provided to PHARMACOR.

The PHARMACOR procurement manual was prepared in 1994 and is currently being revised to reflect recent organizational changes at PHARMACOR. The manual includes key concepts such as checks and balances in authority and approval and instructions on conducting tenders. Additional work needs to be done to address how variances to standard procedures are handled, provide additional detail on some procedures, and, as applicable, establish monetary thresholds for contracting methods. Suggestions for modification were provided to PHARMACOR.

Mr. Teame Ghebresadek met with PHARMACOR and will provide a separate report on suitability of their procedures for purchasing goods with USAID funds. Considerable time was spent in this meeting discussing how purchases made by PHARMACOR would be paid and who the contracting parties would be. This issue was not resolved, and further discussion among PHARMACOR, USAID, and BASICS needs to be held to establish a contracting and payment mechanism that will meet USAID requirements without imposing significant additional operational burdens upon PHARMACOR and the MOH. A draft contract between the MOH and PHARMACOR for review by USAID and BASICS is enclosed as Appendix O.

4. Review of status of cost estimates for drug quality control laboratory equipment. A WHO consultant from South Africa provided Dr. Kidane Woldeyesus, head of the MOH Pharmacy Department, with a list of recommended laboratory instruments, glassware, and

chemicals for a first-stage drug quality control laboratory. This list was forwarded to PHARMACOR to obtain prices.

Conclusion: The list of equipment provided by the WHO consultant did not contain equipment specifications, so suppliers have quoted a range of equipment with different features and accessories. PHARMACOR has assembled the information and is forwarding it to Dr. Kidane Woldeyesus with questions. Dr. Kidane Woldeyesus will review the information, and where he has sufficient information, will select appropriate equipment. If additional technical information is needed, Dr. Kidane Woldeyesus will contact the WHO consultant or seek the information from his colleagues in the Pharmacy Department or other government agencies. Dr. Kidane Woldeyesus will then advise PHARMACOR of his selections, and, where needed, request that PHARMACOR obtain additional information from the equipment suppliers.

Since equipment selections have not been made, the total cost for the equipment and chemicals for the drug quality control laboratory have not been determined. Based on suppliers' responses, however, this cost could be as high as \$250,000.

5. Review of status of central and regional laboratories' equipment and supplies list. The consultant met with Dr. Melles Seyoum of the central laboratory to discuss the equipment and supplies list.

Conclusion: Dr. Melles Seyoum has prepared a preliminary list of equipment and supplies for the central and two regional laboratories. This list will be finalized after he completes his study tour in the United States. His tour is scheduled for this summer, and he plans to use the opportunity to acquire additional information on laboratory equipment, furniture, and supplies.

Summary of Major Items Requiring Additional Action

1. BASICS is to complete the procurement process for MOH and BASICS field office vehicles.
2. BASICS is to follow up with PHARMACOR and USAID to establish a suitable contracting and payment method for purchases of drug quality control laboratory equipment.
3. BASICS is to follow up with the Pharmacy Department and PHARMACOR to ensure drug quality control laboratory equipment specifications and selection are finalized.

II. PURPOSE OF VISIT

For this trip the consultant was to work with MOH staff, other Eritrean government officials, USAID Mission staff, and BASICS field office staff to achieve the following objectives:

1. Finalize and document the procedures and requirements for procuring and importing vehicles for the MOH and BASICS field office.
2. Finalize office equipment requirements and investigate MOH health management information systems computer requirements.
3. Assess PHARMACOR's procurement procedures to determine any modifications needed to procure drugs and medical commodities with USAID funding.
4. Review status of cost estimates for equipment required for the drug quality control laboratory.
5. Review status of the central and regional laboratory equipment and supplies lists prepared by the Director of Laboratory Services.

Details on the specific scopes of work for each of the above follow.

Specific Scope of Work: Vehicles.

Facilitate decision-making and consensus with the MOH and USAID regarding the purpose, utilization, and specifications for vehicles.

Develop exact specifications for vehicles to be purchased for the MOH and for the BASICS office that will allow maximum competition among vehicle suppliers. Specifications for MOH vehicles are to be based on expected use, local road conditions, in-country maintenance capabilities, compatibility with MOH fleet, funding allocated for this purpose, and other reasonable preferences specified by the MOH.

Specifications for BASICS vehicles are to be based on expected use, local road conditions, in-country maintenance capabilities, compatibility with vehicles procured for MOH, funding allocated for this purpose, and other reasonable preferences specified by BASICS.

Identify sources of supply for vehicles. Discuss USAID source origin requirement with MOH and USAID Mission and review implications (relative costs and other advantages or disadvantages) of different makes and models of vehicles identified as potential candidates for procurement.

Draft RFQ (Request for Quote) for vehicle procurement by BASICS, including USAID-required terms and conditions.

Research Eritrean customs requirements and procedures to define the issues and steps to be taken to obtain duty-free entry for vehicles (and other items, i.e., office equipment, medical commodities, analytical instruments) to be imported for the MOH and/or BASICS office and advisors.

Specific Scope of Work: Equipment for BASICS Office and MOH Divisions.

With BASICS Operations Officer, determine BASICS office equipment items recommended for purchase now and those to be purchased at a later date.

Identify sources of supply for BASICS office equipment items.

Assist BASICS in shipping and receiving an initial shipment of office equipment.

Meet with designated MOH Health Management Information Systems specialist and prepare draft specifications for HMIS computer requirements, to be reviewed and revised by BASICS HMIS officer as needed.

Specific Scope of Work: Drugs and Other Medical Commodities.

Analyze the USAID procurement regulations that are relevant to the commodities requested and determine how they apply to the MOH request. Analyze PHARMACOR's tender and bid procedures to determine what modifications might be required to allow for procurement using USAID funding.

Orient MOH counterparts and PHARMACOR to the USAID procurement regulations and international tender and bid procedures, if necessary, and advise them as to how their current systems may need to be adapted to meet USAID requirements. Identify sources of supply for commodities to be procured with USAID funding.

Specific Scope of Work: Drug Quality Control Laboratory.

Review status of cost estimates for equipment required for drug quality control laboratory.

Identify other sources of supply for equipment to be procured with USAID funding.

Specific Scope of Work: National Laboratory Systems.

Review status of laboratory equipment and supplies list prepared by the Director of Laboratory Services for the national laboratory and two regional laboratories.

Identify sources of supply for equipment and supplies to be procured with USAID funding.

III. BACKGROUND

The BASICS Delivery Order for the Eritrean Health and Population (EHP) Project was signed in September 1995. The project has overcome some schedule delays and is now at the point of achieving full implementation with the hiring and positioning of three long-term advisors in Asmara.

BASICS has established a field office in Asmara and has hired local staff. However, ordering the major office equipment (i.e., copier, computers) and vehicles for the project staff has been delayed pending resolution of the duty status of goods imported into Eritrea by BASICS in support of the EHP project. Under current Eritrean law, 4WD Land Cruiser-type vehicles imported into the country are subject to duty taxes of up to 152 percent of the value of the vehicle.

While MOH representatives had verbally agreed to pay duty requirements or obtain a duty exemption certificate for BASICS office equipment and for the vehicles the Ministry would receive under the project, there was no agreement on resolving duty payments for the BASICS field office vehicles.

A bilateral agreement between USAID and the Government of Eritrea that will extend duty-free status to vehicles, office equipment, and household goods for the LTTA advisors has been drafted and submitted to the Government of Eritrea for review. Final approval of this agreement by both parties, however, is pending and may take several months.

IV. TRIP ACTIVITIES AND FINDINGS

This section follows the key categories of the scope of work outline and provides an overview of the activities performed during the consultancy. A list of contacts from the trip is provided in Appendix A.

1. Procurement of Vehicles

Experience of other organizations in importing vehicles. The consultant met with representatives from UNICEF, Save the Children Fund, GTZ, and Africare to investigate the type of vehicles these organizations were donating to and/or using in Eritrea, and to discuss how duty status of the vehicles was determined.

Each of the above organizations is currently allowed to import vehicles into Eritrea duty-free. The duty-free status of vehicles imported and used by UNICEF, Save the Children Fund, and Africare is based on the non-profit status of these organizations. GTZ is a privately held company and the duty-free status accorded to their vehicles is based on a bilateral agreement between the Federal Government of Germany and Eritrea.

The non-profit organizations Save the Children and Africare work with the Eritrean Relief Agency (ERA) to clear their vehicles and project supplies through customs on a duty-free basis. Each organization provides its own appropriate form, i.e., donation certificate and a duty-free goods declaration form (completed by the clearing agent the organization is working with) to ERA, which then forwards the forms to the protocol section of the Ministry of Foreign Affairs (MOFA). UNICEF forwards its forms directly to the MOFA.

The MOFA protocol section reviews and approves the forms submitted by the organization and provides a letter to the customs office authorizing the entry of the goods on a duty-free basis. The customs office approves the duty-free goods declaration form, which is then used by the clearing agent (along with the standard shipping documents: commercial invoice, packing list, bill of lading, or airway bill) to clear the goods through customs without paying duty and deliver them to the respective organization.

Being a privately held company, GTZ does not use ERA, but instead submits its documents to the Ministry of Water Resources. This Ministry in turn submits the documents to the MOFA for approval. From that point, the procedure for GTZ is similar to that described above for non-profit organizations. After MOFA approval, the documents are forwarded to customs for approval and on to the designated clearing agent for clearance and delivery of goods.

For goods imported under the EHP project, BASICS would follow a system similar to that used by GTZ to obtain duty-free clearance. Once BASICS has received the duty-free exemption certificate that the MOH has agreed to obtain for BASICS vehicles from the Ministry of Finance (see MOH letter of February 28 from Mr. Tewolde Ghebreyesus, Appendix B), BASICS would submit its documents to the MOH, with a duty-free goods declaration form filled out by the clearing agent with whom it has to work. The MOH then would submit these documents to the protocol section of the MOFA for approval. (Since there is not, at this time, a bilateral agreement in place between USAID and Eritrea as there is for GTZ, the MOH may have to submit the document to the Ministry of Finance for approval prior to submittal to MOFA.) From there the documents go to customs for approval and on to the clearing agent for processing and delivery. Additional information on discussions with UNICEF, Save the Children, Africare, and GTZ can be found in Appendix C. Information on the Red Sea Trading Company clearance and forwarding charges can be found in Appendix D.

Discussion with USAID on vehicle source/origin requirements. The delivery order for the EHP project being implemented by BASICS is supported by Development Fund for Africa funds, with the geographic code 935, applicable for procurement. While procurement of non-U.S. source/origin goods is allowed under the 935 geographic code, the BASICS standard procurement policy establishes an order of precedence that prioritizes U.S. source/origin goods when they will support the project objectives over purchases of non-U.S. source/origin goods.

The rugged terrain, poorly maintained roads, and, at times, the lack of any road in outlying areas require that vehicles provided under the EHP project for use by the MOH and BASICS in

performing field work be 4WD vehicles. Given these adverse operating conditions, it is essential that reputable service support for 4WD vehicles, which would include repair, maintenance, and authentic spare parts, be available locally to keep vehicles operational and minimize downtime for repairs.

The consultant and BASICS Office Administrator, Mr. Samuel Iyasu, met with several organizations using 4WD vehicles in Eritrea and investigated the service support capability available in Asmara for both U.S. and non-U.S. made 4WD vehicles.

At this time there is no authorized dealership or service facility for U.S. made 4WD vehicles in Asmara. The nearest U.S. 4WD vehicle support and service facility is National Motors Corporation in Addis Ababa, Ethiopia. The USAID Mission in Asmara contacted National Motors on more than one occasion in 1995 to inquire whether National Motors would be establishing a dealership and service capabilities in Asmara. National Motors has not responded to these inquiries.

The BASICS investigation of service support capability in Asmara indicates that at this time, there is only one authorized dealer, a Toyota dealership, with the capability to repair, maintain, and provide authentic spare parts for their 4WD vehicles.

This information was presented to the USAID Contracting Officer, Ms. Carolyn Eldridge, during her visit to Asmara on February 15 and 16. Ms. Eldridge was also provided with information on the type of vehicles being used by the MOH, as well as information on the type of vehicles being donated to the MOH and other government agencies by the various organizations working in Eritrea.

As of February 1996, the Eritrean MOH's fleet of vehicles included 89 Toyota vehicles, consisting of 24 Land Cruisers, 8 minibuses, and the balance, single- and double-cab Hilux pick-up trucks. The United Nations, through its several agencies working in Eritrea, has donated 55 Toyota vehicles to Eritrean government agencies, including the MOH. The MOH has also expressed an interest in having any further donation of vehicles be Toyota type to help continue their efforts towards standardization of their vehicle fleet.

In the discussion of vehicle procurement with the Contracting Officer, the consultant proposed that, given the above information and circumstances in Asmara, a single-source procurement of non-U.S. source and origin Toyota vehicles would best support the needs of the EHP project. The Contracting Officer replied that such a request should be documented and submitted for USAID review, as even though geographic code 935 funds are applicable for the procurement, review and authorization of the proposed procurement by the Contracting Officer is still required as vehicles are classified as a restricted commodity. A draft letter documenting the circumstances supporting a single-source procurement of non-U.S. source and origin vehicles for EHP was submitted to BASICS for review.

Discussions with MOH on vehicle issues: duty, insurance. Over the course of the consultant's visit, several meetings were held with MOH personnel to discuss vehicle specifications, duty status, and vehicle passenger insurance coverage.

In the initial meeting, Mr. Iyob Tekle, Head of the Planning and Evaluation Department, stated that USAID was planning to provide 20 vehicles to the MOH, all of which should be purchased by BASICS at this time. The consultant explained that under the EHP project, the BASICS delivery order was only approved and funded for eight vehicles for the MOH. The decision on when the other 12 vehicles would be provided would be made by USAID.

When asked whether the MOH would pay for the duty that would be imposed on vehicles imported under the BASICS project, Mr. Iyob Tekle responded that the MOH would take care of any duty imposed on vehicles provided to the Ministry. However, the Ministry was still discussing the issue of duty payment on vehicles for the BASICS field office.

To move the vehicle procurement issue along, on February 21 BASICS submitted a letter to Mr. Iyob Tekle proposing the first three vehicles provided to the MOH be pick-up type vehicles, and requesting that the MOH either obtain a waiver from the duty requirements for all 11 vehicles imported by BASICS under the USAID-funded project, or agree to pay for the duty on these vehicles (see Appendix E). In response to this letter, Mr. Iyob Tekle arranged a meeting with Mr. Tewolde Ghebreyesus, Head of the MOH Department of Administration.

This meeting also began with a discussion of the number of vehicles the MOH thought it would be receiving from USAID, with Mr. Tewolde Ghebreyesus confirming the MOH understanding that they would receive 20 vehicles under the EHP project. Of these 20 vehicles, 18 should be Land Cruiser type single-cabin pick-up trucks and two should be Mercedes trucks. The issue of only eight vehicles for the MOH being approved under the BASICS delivery order was revisited and the discussion moved to the type of vehicle that should be provided to the MOH.

The MOH had previously provided BASICS with specifications for two different types of 4WD vehicles: a 4WD pick-up truck type vehicle and a 4WD large-sedan type vehicle (see Appendix F). While it appears that a combination of both types of vehicles would best support the MOH's objectives under the EHP project (field supervision, commodity transport, outreach), provision of three pick-up truck type vehicles would support immediate commodity transport needs, since field supervision and outreach programs were still in the process of being developed. Reiterating the request raised in the February 21 letter, the MOH was asked to provide a plan describing the proposed use and operation of the eight vehicles supplied to the MOH under the EHP project.

Mr. Tewolde Ghebreyesus agreed that the first three vehicles could be pick-up type vehicles, but requested that the balance (five vehicles) also be pick-up type. To support field supervision and outreach, Mr. Tewolde Ghebreyesus requested that these five be procured with side benches in back and a structure over the rear bed for a canvas tarpaulin cover. In this configuration the pick-up type vehicle could be used to support all three of the project objectives.

The question was raised concerning how many passengers would be insured for traveling in a single-cabin pick-up type vehicle. Per Mr. Tewolde Ghebreyesus, the current MOH insurance policy only covers the driver and one passenger. He had held preliminary discussions with the National Insurance Corporation of Eritrea, however, and believed it would be possible to amend the current MOH insurance policy to obtain insurance for additional passengers. He also indicated he would follow up within the MOH on the duty-free status issue and request written confirmation of the MOH decision on this subject.

On February 23, Mr. Iyob Tekle, BASICS HMIS candidate Mr. Jeremy Clark, BASICS Office Administrator Samuel Iyasu, SEATS consultant Dr. Meba Kagone, and the consultant visited the Mendefera provincial hospital and spoke to Dr. Gebre Mariam Tsehaye, Zonal Medical Officer of the hospital. In the discussion that followed, Dr. GebreMariam Tsehaye indicated that a single-cabin pick-up type vehicle would not support the provincial zone's need to perform field supervision and outreach, since only two people, the driver and one passenger, can be insured under the current MOH insurance policy. The provincial zone's needs would be best met by amending the MOH insurance policy to insure additional passengers, or by providing double-cabin pick-up type vehicles in which four people could be insured.

Based on this information from the field, BASICS submitted a letter to Mr. Tewolde Ghebreyesus on February 27 requesting written confirmation that insurance for additional passengers would be provided for the single-cabin pick-up type vehicles the MOH preferred (see Appendix G).

On February 28, the consultant and Mr. Samuel Iyasu met with Mr. Tewolde Ghebreyesus and Mr. Iyob Tekle of the MOH to discuss the duty status of the BASICS field office vehicles and the insurance policy status for the MOH vehicles. Mr. Tewolde Ghebreyesus stated that the MOH would obtain a duty exemption certificate for the BASICS vehicles and that the MOH insurance policy would be revised to provide coverage for up to ten people. A letter confirming this information was provided by Mr. Tewolde Ghebreyesus (see Appendix B).

Per the MOH, the following documents would be needed to transfer the title of the three pick-up type vehicles to the MOH:

1. The invoice from the seller (Anberbeb Share Company) should be made out to the MOH to confirm they own the vehicles.
2. The MOH would need a certificate of donation from USAID/Asmara which would include language to the effect that the vehicles are donated to the MOH in accordance with the terms and conditions of the EHP project.
3. Shipping documents, i.e., a copy of the packing list and bill of lading the vehicles were shipped into Eritrea on.

When asked about the duty status of personal vehicles brought into Eritrea by BASICS long-term technical assistance advisors, Mr. Tewolde Ghebreyesus responded that the LTTA advisors can import their vehicles into Eritrea duty free. To maintain duty-free status, however, these vehicles would need to be exported from Eritrea when the LTTA advisors left the country at the end of their assignment. If such vehicles were sold in country, then duty payment would be required at the time of sale.

Discussions with Anberbeb Share Company. Anberbeb Share Company is the authorized Toyota dealer in Asmara. They employ 20 technicians and 20 assistants and provide Toyota service and genuine Toyota spare parts. The range of services they offer runs from engine rebuilds to body repair, tune-ups, and oil changes. They are in the process of setting up a preventive maintenance program for the Toyota vehicles they sell. Formerly known as the Red Sea Garage and affiliated with the Red Sea Trading Corporation, this facility has been operating for over five years and has been recently set up on a more independent basis under the Anberbeb Share Company.

On February 29, the Anberbeb Share Company received from BASICS/HQ requests for quote for (a) three MOH 4WD pick-up truck type vehicles, and (b) two BASICS 4WD large-sedan type vehicles. On March 1, the consultant and Mr. Samuel Iyasu met with Anberbeb General Manager, Mr. Ghirmay Abrehe, to discuss the proforma invoice being prepared for BASICS in response to the requests for quote. Mr. Ghirmay Abrehe originally offered the following prices for the vehicles:

4WD Toyota Land Cruiser pick-up truck	181,571.46 Birr each
4WD Toyota Land Cruiser sedan	242,616.34 Birr each

(These prices did not include spare parts, which were quoted separately, or a roof rack for the BASICS vehicles.)

Converted to US dollars at the exchange rate of 6.3 Birr=USD1.00, the costs were:

4WD Toyota Land Cruiser pick-up truck	28,820.00 USD each
4WD Toyota Land Cruiser sedan	38,510.00 USD each

Mr. Ghirmay Abrehe was informed that this price was higher than expected and above previous quotes from the Red Sea Trading Corporation for similar vehicles. The exchange rate and method of payment were discussed with Mr. Ghirmay Abrehe, who explained that Anberbeb would obtain a rate of 7.4 Birr to USD and had bank accounts in Washington, D.C., and London to which U.S. dollars could be transferred. To eliminate the variability of differing exchange rates, Mr. Ghirmay Abrehe was requested to review Anberbeb's original price quote and requote in U.S. dollars. The consultant and Mr. Samuel Iyasu returned later that day to receive Anberbeb's pro forma invoices in U.S. dollars for the MOH and BASICS vehicles. The vehicles were quoted as follows:

4WD Toyota Land Cruiser pick-up truck	23,697.82 USD
4WD Toyota Land Cruiser sedan	31,665.00 USD

Mr. Ghirmay Abrehe agreed to extend the validity of the quote from March 6 to March 16. The quotes were faxed to BASICS/HQ for review and to begin the order process.

Insurance coverage for BASICS vehicles. The consultant and BASICS office administrator met with the National Insurance Corporation of Eritrea to obtain information on the type and amount of insurance coverage that is available for the BASICS vehicles.

Eritrea requires that all vehicles have third party insurance. Third party property damage has a maximum threshold payment of 30,000 Birr per event. Third party liability insurance covers up to 75,000 Birr per event, with a maximum limit of 15,000 Birr per person.

Coverage for vehicle passengers is termed "Personal Accident Benefit" (PAB) which has a maximum threshold payment of 10,000 Birr per person.

The estimated cost for third party and PAB insurance for a seven-passenger Toyota Land Cruiser is 330.48 Birr per year.

The estimated cost for third party and PAB insurance for a Toyota Corolla is 229.50 Birr per year.

Comprehensive insurance, which would cover damage to the vehicle, is available and is based on a survey/inspection of the vehicle to establish its market value. Using a figure of US\$29,000 as an estimate for the value of a Toyota Land Cruiser sedan, the approximate price for comprehensive insurance is 10,643 Birr per year.

As in-country maximum insurance thresholds are below those required by BASICS, supplementary insurance coverage should be obtained for the BASICS vehicles.

2. BASICS Office Equipment and MOH Computer Requirements

BASICS office equipment. The consultant, BASICS Operations Coordinator Ms. Robin Anthony, and BASICS Office Administrator Mr. Samuel Iyasu reviewed the status of procurement for the following equipment and supplies for the Asmara office.

a. Photocopier. Quotes from several suppliers had been received for this item and a local Xerox supplier selected based on offering the best value for the equipment being provided. The purchase of the copier had been delayed, however, due to the uncertainty of the duty status for this and other office equipment to be imported. Since the quote for the Xerox equipment had expired, the Xerox supplier was requested to extend the price validity of the original quote and provide better payment terms than the 100 percent payment in advance of delivery offered in the

original quote. The supplier extended the price validity of the original quote and offered net 30 payment terms.

Based on a verbal commitment from Mr. Iyob Tekle that the MOH would facilitate the importation of BASICS office equipment on a duty-free basis, it was decided that the order for the copier should be processed, as the supplier was quoting a 30-day lead time after receipt of an order. The copier order is being processed by BASICS/HQ due to the dollar value of the order.

b. PABX (telephone connection system). Quotes had been received from two suppliers for this office telephone connection system. Technical features and price were reviewed for both systems and a vendor selected based on offering the lowest price and suitable system features that would support office needs. Release of this order by the BASICS field office was pending the arrival in March of the BASICS Operations Officer who could provide signature authority.

c. Filing cabinets and chairs. Two swivel chairs were ordered and delivered in February and file cabinets were to be ordered in March during the visit of the BASICS Operations Officer.

d. Household furnishings for LTTA advisors. Purchase of household furnishings for the three LTTA advisors' residences was put on hold pending the final selection and hiring of these personnel. It was expected that final decisions and approval of the candidates for the Chief of Party and the HMIS Advisor would be made before the end of March.

e. BASICS office computers. The BASICS delivery order budget for the EHP project is approved for 17 computers: 13 for the MOH and 4 for the BASICS field office. (Note: There is an apparent discrepancy between the 17 approved computers and the original intended budget for 19 computers [13 for MOH, 6 for BASICS]. The original plan for 19 computer systems is evidenced in the delivery order approval for 19 software packages and 6 computer stands for the BASICS field office.)

BASICS/HQ originally expressed an interest in setting up a LAN network in the Asmara field office. This was discussed with Mr. Jeremy Clark, the HMIS candidate. Mr. Clark commented that a LAN system can be very efficient when it is up and running properly; however, when there are problems with the system, it can impact everyone that is connected to it. The key to an efficient LAN network, per Mr. Clark, is having qualified service support available to install it properly and service the problems that occur.

On February 26, Mr. Clark, Mr. Samuel Iyasu, and the consultant met with Mr. Tewolde Ghebreab, Head of the Eritrean government computer center, to discuss the status of LAN systems in both the public and private sector. Although Mr. Tewolde Ghebreab had installed five or six LAN network systems for government agencies, he was not aware of any LAN networks having been set up in the private sector, nor was he aware of any private contractor with the capability to install and service a LAN network. While private sector LAN networks and service

support capability will evolve over the next few years, preliminary information indicates that at this time, suitable support capabilities for a LAN network do not exist in Asmara.

Mr. Clark presented this information to Mr. Eckhardt Kleinau, responsible for BASICS/HQ computer support, and discussed what could be offered as a feasible alternative to a full-scale LAN network system for the Asmara office. Mr. Kleinau indicated that BASICS/HQ would like to be able to contact the Asmara office via e-mail, and proposed using a Windows for Workgroup set-up. This type of system would be less demanding from a service support standpoint and would have less impact on other office computer users when hardware/software problems occurred. The office computers would share a printer but not software programs.

Under this arrangement, one computer would be designated as the server unit where major files would be stored. The server unit is left running at all times so BASICS/HQ can contact the unit at anytime to download and upload e-mail messages. The uploaded messages go to BASICS/HQ where they are transferred to the Internet via BASICS/HQ Internet access.

Taking this information into consideration, Mr. Clark suggested the following general requirements for the BASICS/Asmara office computers:

Chip:	80486 DX or Pentium 66 Mhz
RAM:	8 MB, minimum (16 MB if running Windows 95)
Hard Drive:	560 MB, minimum
Monitor:	14" SVGA color monitor

The server unit would also include a tape drive to back up data.

Mr. Samuel Iyasu will contact local computer suppliers to obtain quotes for equipment to support the office needs and will review the information received with the BASICS/HQ office and the HMIS Officer (if available).

While three of the office computers—for the Chief of Party, Office Administrator, and Office Accountant—would be connected via Windows for Workgroup, connection for the HMIS and health/finance officers will depend on whether their work stations are located on MOH premises or at the BASICS/Asmara field office.

f. Trial shipment. Mr. Iyob Tekle of the MOH has verbally assured BASICS that the MOH will facilitate the entry of BASICS office equipment into the country on a duty-free basis. To determine how effectively the MOH will handle this agreed-upon arrangement, a trial shipment of office supplies was scheduled to arrive in country the week of March 5. Mr. Samuel Iyasu will coordinate the clearance of this shipment with Mr. Iyob Tekle.

g. BASICS field office local purchase matrix. During the visit to Asmara, Ms. Anthony asked the consultant to prepare a one-page summary matrix that would identify contractual and

authorization requirements by dollar thresholds for purchases made by the field office. A draft matrix was prepared and forwarded to BASICS/HQ for review.

MOH computer systems. On February 12, Ms. Robin Anthony, Mr. Samuel Iyasu, and the consultant met briefly with Ms. Berhanna Haile, Head of the Health Information and Research Office. Ms. Berhanna Haile was preparing to visit some of the field sites to assess the educational background of local staff who will be working with the HMIS being implemented under the EHP project. Ms. Berhanna Haile also agreed to look into the environmental conditions to which the field computers would be subject.

One of the features being considered for inclusion in the HMIS is the ability to analyze the geographical distribution of trends in health services delivery. The software programs that allow this "mapping" of service delivery are referred to as "geographical information systems" (GIS) packages.

On February 26, Mr. Jeremy Clark, Mr. Samuel Iyasu, and the consultant met with Mr. Imam Berhane, Head of the Eritrean National Statistics Office, to discuss the status of the government mapping project. Per Mr. Imam Berhane, the geographic mapping of Eritrea is expected to take two years. The field work in gathering health and demographic information was completed in January 1996, and the data is now being entered into a database. The government is planning to conduct a census in 1997, and the data collected will be merged into the existing database. Based on this, Mr. Clark suggested that the linking of the HMIS system to government mapping information not be performed until the mapping project was complete (estimated for 1997).

For the MOH computer systems, Mr. Clark suggested the following requirements:

Chip:	80486 DX or Pentium 66 Mhz
RAM:	8 MB, minimum (16 MB if running windows 95)
Hard Drive:	560 MB, minimum
Monitor:	14" SVGA color monitor
Floppy Drive:	3.5"
Video RAM:	1 or 2 MB

Note: A desktop is preferred over a laptop due to the amount of data that staff will have to enter into the computer.

Software:	D-base software (Foxpro is acceptable)
	Spreadsheet program
	Word processing program
	Harvard Graphics
	Virus program

Printer: Mix of printers: laser and dot matrix
Zonal office printer should have a wide carriage for printing tables

Power Supply: 450 VA on-line UPS that can also provide voltage fluctuation filtering

Mr. Clark also recommended that the MOH computer systems not be supplied until the HMIS is in place. His earliest estimate for the HMIS to be established is January 1997.

3. PHARMACOR

On February 13, Ms. Robin Anthony, BASICS Operations Coordinator; Mr. Samuel Iyasu, BASICS Office Administrator; and the consultant had an introductory meeting with Mr. Misghinna Tekleab, General Manager of PHARMACOR, and Mr. Fessehatsion Markos, Procurement Manager for PHARMACOR. The consultant had further meetings with PHARMACOR (as described below) to review and discuss PHARMACOR's bid and tender documents, procurement manual, and the proposed procurement of laboratory instruments and supplies for the Central Laboratory using USAID funding. (See Appendix H for general information on PHARMACOR.)

PHARMACOR's international tender document and procurement manual. The consultant met with Mr. Fessehatsion Markos on February 22 to discuss PHARMACOR's recent open international tender document (ICB Nr. PM/C/95) and the PHARMACOR procurement manual.

The PHARMACOR Invitation for Competitive Bid (ICB) document is patterned after the "Standard Bidding Documents: Procurement of Goods" procedures developed and published by the World Bank. A review of the PHARMACOR bid document shows it to be well-structured and reasonably thorough in addressing the key categories of an effective international competitive bid document: instructions to bidders, general conditions, technical specifications, quality assurance and registration/certification requirements. A more detailed review of the bid document with suggested revisions, as well as a copy of the bid document, are found in Appendices I(a) and I(b). A record of the bid opening is included in Appendix I(c). A copy of the United Nations Commission on International Trade Law arbitration rules document is included as Appendix J.

The PHARMACOR procurement manual was prepared in 1994 and is currently being revised to reflect recent organizational changes at PHARMACOR. The manual includes key concepts such as checks and balances in the contract approval process, and instructions on conducting tenders. Additional work is required, however, to address how variances to standard procurement procedures are handled. Also, as applicable, monetary thresholds should be established to indicate the procurement value level at which different contracting methods (open tender, restricted tender, or direct purchase) should be used. For additional comments on the PHARMACOR procurement manual, see Appendix K. The suggested changes to the tender

document and procurement manual, as presented in the referenced appendices, were discussed with Mr. Fessehatsion Markos.

PHARMACOR procurement of supplies for Drug Quality Control Laboratory. The consultant also discussed the procurement by PHARMACOR of laboratory instruments, glassware, and chemicals for the Drug Quality Control Laboratory. Dr. Kidane Woldeyesus, Head of the Pharmacy Department of the MOH, had forwarded to PHARMACOR a recommended list of items that had been prepared by a WHO consultant from South Africa (see Appendix L). Preliminary pricing information obtained by PHARMACOR indicated chemicals could cost from \$14,000 to \$18,000 and glassware from \$4,000 to \$6,000. Since the list as provided by the WHO consultant did not contain performance specifications for the laboratory instruments, suppliers responding to PHARMACOR's request for pricing offered a range of equipment with different features and accessories. As a result, PHARMACOR was unsure of the estimated laboratory instruments cost, venturing it could range from \$140,000 to \$200,000, depending upon the features ordered. To obtain better price estimates, PHARMACOR needs assistance in identifying the specific performance features and accessories required for each instrument.

Mr. Fessehatsion Markos recommended that PHARMACOR assemble all of the vendor information received on the laboratory instruments and forward it to Dr. Kidane Woldeyesus with specific questions that would help PHARMACOR identify which of the several choices of equipment and accessories should be considered for procurement. Dr. Kidane Woldeyesus and his staff could review the information and select the appropriate equipment. Any additional questions Dr. Kidane Woldeyesus and his staff had could be forwarded to PHARMACOR, which, in turn, would contact the manufacturer for answers.

The consultant informed Mr. Fessehatsion Markos that in a previous meeting Dr. Kidane Woldeyesus had expressed a preference for contacting the WHO consultant and asking him to provide detailed equipment specifications that PHARMACOR could use to select instruments (see following section on Drug Quality Control Laboratory Equipment). Mr. Fessehatsion Markos agreed to forward the equipment information and related questions to Dr. Kidane Woldeyesus.

Discussion of USAID requirements for small value procurement. The consultant explained that a representative from the USAID Contracts Office in Addis Ababa would meet with PHARMACOR the week of February 26 to review PHARMACOR's procurement system. If the system were approved by USAID, PHARMACOR would be allowed to procure laboratory equipment and other supplies funded by USAID.

During the February 16 meeting with USAID Contracting Officer Ms. Carolyn Eldridge, procurement of the Central Laboratory equipment by PHARMACOR had been briefly discussed. As the anticipated values of most purchase orders PHARMACOR would issue for equipment and supplies were estimated to fall below the small value purchase threshold of \$25,000, Ms. Eldridge suggested that the USAID sample purchase order format (Attachment 3P in Chapter 3

of USAID Handbook 11, *Country Contracting*) would serve as a good example of the terms and conditions USAID would require be flowed down in orders issued by PHARMACOR. The consultant reviewed this sample purchase order format with Mr. Fessehatsion Markos, noting those clauses that are mandatory, i.e., eligibility, marking, taxes, etc., and those that could be modified or replaced with applicable terms and conditions of PHARMACOR. (A copy of Attachment 3P is included as Appendix M.)

Meeting with USAID Contracts Office Representative and PHARMACOR. On February 28, USAID Contracting Office Representative Mr. Teame Ghebresadek met with Mr. Fessehatsion Markos and the consultant to evaluate the PHARMACOR procurement system. Mr. Fessehatsion Markos explained the PHARMACOR organizational structure, how requirements for procurement were generated (by the marketing department), who drafts the specifications and documents (procurement, with technical input from MOH staff), how tenders are issued (open, restricted, or direct negotiation), who analyzes the responses (procurement), and who approves the release of purchase orders based on tenders (Technical Committee's recommendation is approved or disapproved by the Procurement Board).

Mr. Fessehatsion Markos responded to questions raised by Mr. Teame Ghebresadek on several issues. PHARMACOR has been averaging one open tender per year. Price reasonableness is determined by comparing supplier quotes with published price indicators, such as those provided by Management Health Sciences and the International Dispensary Association. The Procurement Department follows up on orders and arranges for technicians from the MOH to inspect equipment when it arrives. Payments are usually made through a letter of credit. The supplier will submit its documents to the correspondent commercial bank in their country, and the General Manager and Finance Manager from PHARMACOR will authorize release of payment to the supplier. The payment process usually takes 15 days from receipt of documents to release of payment.

Mr. Teame Ghebresadek requested a copy of the Government of Eritrea procurement regulations that PHARMACOR would comply with. Per Mr. Fessehatsion Markos, while PHARMACOR is a state owned organization, it is basically autonomous and is not subject to the government procurement regulations that the General Services Administration of the MOH must adhere to.

When asked how PHARMACOR internally audits its procurement system, Mr. Fessehatsion Markos replied that PHARMACOR does not have an internal auditor at this time, and hoped to have one in place by the second half of 1996. PHARMACOR currently is audited once a year by an external auditor. PHARMACOR also hopes to install a computerized procurement inventory system before 1997 to relieve the heavy workload required to manually document orders and track inventory.

Mr. Fessehatsion Markos confirmed that PHARMACOR has ordered equipment and supplies from U.S. manufacturers but has not done so with USAID funding. If USAID required that

purchases be limited to U.S. suppliers and equipment, PHARMACOR would comply if the beneficiary (MOH) agreed to such restrictions.

PHARMACOR does not currently retain legal counsel on its staff. For legal disputes with a supplier that cannot be resolved by procurement staff, PHARMACOR would hire an outside attorney. There has been only one protest on the open tenders PHARMACOR has conducted. The vendor had been disqualified for not being responsive to the bid requirements and the protest was settled amicably.

Mr. Teame Ghebresadek asked if there were any regulations that restricted or limited the participation of suppliers in selling to PHARMACOR. Per Mr. Fessehatsion Markos, the Bank of Eritrea requires that all goods PHARMACOR ships into Eritrea be insured locally, though it may be possible to obtain a waiver from this requirement for USAID-funded purchases.

Contracting arrangements for PHARMACOR purchase of Central Laboratory equipment. The relationship and responsibilities of the parties—MOH, PHARMACOR, USAID, and BASICS—in implementing the purchase of laboratory equipment and supplies for the Central Laboratory were discussed.

The traditional arrangement for PHARMACOR purchases for the MOH is an informal one. PHARMACOR receives verbal or written requests from the MOH staff and proceeds to request quotes from suppliers. The quotes and technical information received from suppliers are forwarded to the MOH for evaluation and selection. PHARMACOR then releases an order to the selected supplier and follows up on delivery and payment.

Mr. Teame Ghebresadek advised that for USAID-funded purchases there needed to be a more formal arrangement, in the form of a contract, between the MOH and PHARMACOR. In this contractual arrangement, the MOH would be the purchaser, PHARMACOR would be serving as a supplier to the MOH, and the binding document (contract) would specify the services and products PHARMACOR would provide to the MOH.

The contract would include the USAID terms and conditions that PHARMACOR would be required to comply with and flow down, as applicable, to its subcontractors (equipment suppliers). Regarding flow-down of USAID terms and conditions, Mr. Teame Ghebresadek suggested that the contract between the MOH and PHARMACOR also include a provision that BASICS provide technical assistance to PHARMACOR by reviewing all PHARMACOR subcontracts to suppliers prior to their release to confirm the required USAID conditions had been included. The contract between the MOH and PHARMACOR would be subject to USAID Contract Office review before being signed by both parties. (A schematic of the proposed contracting arrangements is contained in Appendix N.) As PHARMACOR had not previously worked under contract for MOH purchases, Mr. Fessehatsion Markos requested assistance from USAID and BASICS in preparing the required contract. (A draft contract is contained in Appendix O.)

Contract payment arrangements were also discussed. Mr. Fessehatsion Markos asked whether USAID could provide advance payment for the equipment and supplies being ordered, since PHARMACOR would have a significant amount of its funds tied up in its recent international tender for pharmaceuticals and supplies. Mr. Teame Ghebresadek advised that advance payments are authorized by USAID only under limited circumstances and did not believe that the proposed procurement of laboratory equipment and supplies by PHARMACOR would qualify. He proposed a payment system that would allow 90 percent of PHARMACOR's cost to be paid upon receipt of shipping documents, a completed voucher (SF 1034 form), and an invoice from PHARMACOR, with the remaining 10 percent payable upon receipt of a receiving report from the MOH indicating goods had been accepted, a completed voucher (SF-1034 form), and a second invoice from PHARMACOR for the 10 percent balance due. (A summary of the proposed payment arrangement is contained in Appendix P.)

Mr. Teame Ghebresadek will provide a formal report on his review of the PHARMACOR procurement system. The consultant's assessment of PHARMACOR's procurement system is that PHARMACOR is capable of effectively procuring the Central Laboratory equipment with USAID funding if some modest adjustments can be made (see below).

PHARMACOR's strengths. PHARMACOR has full-time, experienced procurement staff familiar with conducting international competitive bids, issuing contracts, arranging financing through letters of credit, and monitoring shipments. The international bid process is based on acceptable World Bank documents and procedures. The evaluation of bids and awarding of contracts is well documented and appears reasonable and fair. PHARMACOR has access through the MOH staff to technical assistance to evaluate equipment and supplies.

PHARMACOR's areas of improvement or needed assistance. Authority for approving contract recommendations is clearly defined and separate from the procurement staff, but could be improved by establishing monetary thresholds for both solicitation procedures and contract approval levels. The legal support available to PHARMACOR should be more clearly established so any disputes that arise can be handled in a prompt manner. For USAID-funded goods, PHARMACOR would need to obtain a waiver from the current government requirement that all goods shipped to Eritrea be insured through local firms, thereby allowing U.S. firms equal access to this opportunity. PHARMACOR will also require assistance from BASICS or USAID in interpreting and incorporating USAID requirements into the contracts issued to suppliers.

If the procurement system is approved by USAID, PHARMACOR and the MOH can proceed to the next step of finalizing a contract for PHARMACOR's services to the MOH.

4. Laboratory Equipment and Supplies for Drug Quality Control Laboratory

The consultant met with Dr. Kidane Woldeyesus, Head of the MOH Pharmacy Department, on February 14 to discuss the status of the laboratory instruments, glassware, and chemicals the

MOH wanted PHARMACOR to procure for the first-stage Drug Quality Control Laboratory (DQCL) being established.

A list of recommended laboratory items for the DQCL had been prepared by a WHO consultant from South Africa (see Appendix L). Dr. Kidane Woldeyesus forwarded the list to PHARMACOR for pricing, but PHARMACOR had encountered problems in pricing the laboratory instruments as specifications for the instruments did not contain sufficient details to identify the required performance features or accessories.

The consultant informed Dr. Kidane Woldeyesus of PHARMACOR's proposal that PHARMACOR assemble the information they had received on instruments and forward it to Dr. Kidane Woldeyesus. His staff could then select the proper features and accessories for the instruments. Dr. Kidane Woldeyesus preferred that the WHO consultant review the assembled information and provide instrument specifications. While his staff was qualified, he was concerned that their experience and training may not be sufficient to properly evaluate the instruments and features that would be needed for drug quality control laboratory tests. Dr. Kidane Woldeyesus agreed to contact the WHO consultant and request the instrument specifications and asked that PHARMACOR forward the information and their questions to him.

Further meetings with Dr. Kidane Woldeyesus were subsequently canceled as he was fully engaged in preparing and conducting a conference on a drug policy related issues.

5. Central and Regional Laboratory Equipment and Supplies

On February 14, Ms. Robin Anthony, BASICS Operations Coordinator; Mr. Samuel Iyasu, BASICS Office Administrator; and the consultant met with Dr. Melles Seyoum, Head of Laboratory Services, to review the status of the equipment and supplies list for the Central Laboratory and two regional laboratories.

Dr. Melles Seyoum has assembled a list of tests and diagnostics for use by the laboratories that are appropriate for Eritrea. The list was prepared by 1) upgrading some existing tests, and 2) adding some new tests to the laboratory services.

For the new tests that have been added, Dr. Melles Seyoum has assembled a draft list of equipment that is required to perform these tests. Dr. Melles Seyoum commented that while the EHP project will provide funding for laboratory renovation, equipment, and furniture, it does not include provision of expert technical advice on laboratory tests and appropriate laboratory equipment. For such advice, Dr. Melles Seyoum has been working with the international group Pathologists Overseas and medical staff of Washington University (St. Louis, Missouri).

Dr. Melles Seyoum anticipates ordering two lots of equipment and supplies, one lot for the Central Laboratory and one lot for the regional laboratories. He will visit the United States this summer on a study tour, where he plans to obtain additional information on laboratory equipment

and furniture. Based on the information from his study tour, the MOH experience in establishing an HIV reference laboratory in 1994, and his professional experience, Dr. Melles Seyoum will prepare appropriate laboratory equipment and furniture specifications.

Dr. Melles Seyoum would like PHARMACOR to procure the laboratory equipment and supplies. He is concerned, however, about who would procure the furniture and computers, since these items are not within PHARMACOR's scope of work. He believes some of the standard laboratory furniture, such as benches, could be produced and procured locally, and he will investigate the capabilities and quality level of local furniture manufacturers.

If a qualified local source of supply can be found for the laboratory furniture and computers, the purchase could be performed by the General Administration Services of the MOH if their procurement system has been approved by USAID. This system has been reviewed by USAID and a final report on the results of this audit is pending release.

If local sources of supply are not available and international procurement is required for laboratory furniture and computer equipment, BASICS should determine if USAID has approved another government procurement service for international procurement. Short of this, BASICS may have to procure the goods and arrange shipment to Eritrea.

Dr. Melles Seyoum expects it will take six to eight months to complete the laboratory renovations. Therefore, procurement of the laboratory equipment and supplies should be scheduled for completion in the last quarter of 1996.

Dr. Melles Seyoum requested some additional laboratory equipment supplies catalogs. PATH collected and shipped several catalogs to BASICS for delivery to Dr. Melles Seyoum and Mr. Fessehatsion Markos of PHARMACOR. (See Appendix Q for a list of catalogs shipped.)

Central Laboratory renovation. On February 15, USAID Contracts Officer Ms. Carolyn Eldridge met with representatives of the architectural firm Michael Teadros that had arranged the bidding for renovation of the Central Laboratory. Ms. Eldridge received a copy of the bidding documents and bid responses and discussed with the representatives how the bid had been issued and the bid responses evaluated. Ms. Eldridge agreed to review the documents to determine whether the procedures followed were in compliance with USAID requirements and whether the selection of the construction firm to perform the work met USAID requirements.

Briefing/debriefing at USAID/Asmara. During the briefing at the inception of the visit, the anticipated timeline for procurement of vehicles and other items were discussed. Mission Director Mr. Glenn Anders explained it was important to move as expeditiously as possible on procurement to demonstrate USAID's continued commitment to the EHP project and the Mission would provide support as needed.

The Mission arranged for the USAID Contracting Officer to visit Asmara for discussions on the vehicle procurement, renovation of the Central Laboratory, and assessment of the PHARMACOR procurement system. The Mission also arranged for a representative from the USAID Contracts Office/Addis Ababa to meet with PHARMACOR to assess their procurement system and discuss contractual and payment issues related to purchasing drug quality control laboratory supplies with USAID funds. Both visits proved helpful in expediting the vehicle procurement and starting the process of approving PHARMACOR for procurement of DQCL supplies.

In the debriefing, the Mission Director expressed continued support for expedited procurement on the EHP project and agreed to provide a letter of donation from USAID to the MOH for the vehicles BASICS was in the process of procuring for the MOH.

V. RECOMMENDATIONS AND FOLLOW-UP ITEMS

Vehicles

1. BASICS/Asmara should follow up with Mr. Iyob Tekle of the MOH to obtain the MOH proposed utilization plan for the vehicles they are receiving under the EHP project. This plan had been requested in BASICS' letter of February 21, 1996, to Mr. Iyob Tekle.
2. BASICS/Asmara should follow up with Mr. Tewolde Ghebreyesus of the MOH to obtain written confirmation that the passenger insurance policy for MOH pick-up vehicles has been amended to allow insurance for up to ten passengers. The MOH had committed to this policy change in their letter of February 28, 1996.
3. BASICS/HQ is to issue an invitation to bid/request for quote for the remaining five vehicles for the MOH.
4. BASICS/HQ is to issue a request for quote for one BASICS field office sedan.
5. BASICS is to obtain supplemental vehicle insurance for the three field office vehicles to meet their minimum liability insurance requirements.

Office Equipment

1. While the MOH has agreed to assist BASICS with clearing imported office equipment on a duty-free basis, other organizations working with the MOH have reported that this process can take a significant amount of time. The consultant recommends that BASICS/Asmara retain a qualified clearing agent with an office in Asmara and Massawa to process and clear all imported shipments for BASICS.

2. BASICS/Asmara would benefit from receiving detailed information on the type of network and electronic mail system BASICS/HQ is proposing for the Asmara office. This will allow the Office Administrator to investigate local sources of supply and obtain quotes where feasible.
3. BASICS/HQ is to resolve the discrepancy in the approved delivery order requirements for four Asmara field office computer systems versus the six systems originally planned for the field office.
4. If the bilateral agreement between the U.S. (USAID) and the Government of Eritrea has not been signed, the consultant recommends that BASICS/HQ discuss with the USAID Mission the possibility of temporarily consigning BASICS imported goods to the Mission to obtain duty-free status.

PHARMACOR

1. BASICS/HQ is to follow up with the USAID Contract Office/Addis Ababa on the approval status of PHARMACOR procurement system.
2. BASICS/HQ is to discuss with USAID/Asmara and the USAID Contracts Office/Addis Ababa the role BASICS should serve in implementing and monitoring PHARMACOR purchases of drug quality control laboratory supplies. This role might include review of PHARMACOR contracts to suppliers for USAID terms and conditions and assistance in expediting payment by completing voucher forms (SF-1034) and submitting them to USAID/Asmara for administrative approval.
3. A substantial portion of PHARMACOR's financial resources, including all foreign exchange allocations, are committed based on recommendations made by the procurement department. Additional value can be added to this process by providing the PHARMACOR procurement manager with training in specific areas, such as value analysis, forecasting and planning, and principles of contracting.

Drug Quality Control Laboratory Supplies

1. BASICS/Asmara is to follow up with Dr. Kidane Woldeyesus, MOH Department of Pharmacy, to confirm questions raised by PHARMACOR on instrument specifications that have been answered and forwarded to PHARMACOR.

Central and Regional Laboratory Supplies

1. BASICS/HQ is to follow up with Dr. Melles Seyoum to confirm whether he has identified qualified local manufacturers of laboratory furniture and local suppliers of computer equipment.

2. If qualified local suppliers of these items are not available, BASICS/HQ is to determine, through the USAID Contracts Office/Addis Ababa, if another Eritrean government agency has been approved by USAID for international procurement of laboratory furniture and computer equipment.
3. BASICS is to obtain supplemental insurance on BASICS vehicles to meet minimum requirements.

Central Laboratory Renovation

1. BASICS is to follow up with the USAID Contracting Officer on USAID approval to proceed with the contract for Central Laboratory renovation.

APPENDICES

APPENDIX A

**APPENDIX A: LIST OF CONTACTS
ERITREA, FEBRUARY 1996**

USAID/Asmara:

Mr. Glenn Anders, Mission Director
Ms. Katherine Puffenburger, Food for Peace Officer

USAID/Addis:

Ms. Carolyn Eldridge, Contracting Officer
Mr. Teame Ghebresadek Contracting Office

U.S. Embassy/Asmara:

Ms. Beverly Berg General Services Officer

Ministry of Health:

Dr. Tekeste Fekadu Vice Minister of Health
Mr. Iyob Tekle Head, Planning and Evaluation
Mr. Tewolde Ghebreyesus Head, Administration
Dr. Kidane Woldeyesus Head, Pharmacy Department
Dr. Melles Seyoum Head, Central Health Laboratory
Ms. Berhanna Haile Head, Health Information and Research Office
Dr. GebreMariam Tsehaye Zonal Medical Officer, Mendefera Hospital
Mr. Iyam Berhane Head, National Statistics Office
Mr. Tewolde Ghebream Head, Government Computer Center

PHARMACOR:

Mr. Misghinna Tekleab General Manager
Mr. Fessehatsion Markos Procurement Manager

Save the Children Fund:

Mr. Anthony Thompson Country Representative
Ms. Sarah Nancollas Transport Advisor

UNICEF/Asmara:

Ms. Abraheta Administration/Procurement

Africare:

Mr. Albert Agard	Country Representative
Ms. Ann Hirschey	Field Representative

German Technical Cooperation:

Mr. Arthur Klauck	Water Resource Advisor
-------------------	------------------------

Red Sea Trading Company:

Mr. Markos Merhazion	Representative
Mr. Binian	Clearing Agent

Anberbeb Share Company:

Mr. Ghirmay Abrehe	General Manager
--------------------	-----------------

Eritrea SEATS Project:

Dr. Meba Kagone	Project Consultant
-----------------	--------------------

BASICS/Asmara:

Mr. Samuel Iyasu	Office Administrator
Aisha	Accountant
Mr. Jeremy Clark	HMIS Candidate

BASICS/HQ:

Ms. Carolyn Kruger	Operations Officer
Ms. Robin Anthony	Operations Coordinator
Ms. Lisa Howard-Grabman	Operations Coordinator
Ms. Carolyn Hairston	Contracts Administration
Mr. Keith Thornburg	Finance & Administration
Mr. Jose Molina	Travel Coordinator
Mr. Ken Pinkela	Subcontracts and Procurement
Ms. Jennifer Taylor	Operations Officer

APPENDIX B

20/7/40/773/96

22/02/96

Ato Samuel Iyasu
BASICS Office Administrator

Re:- Import duty and insurance coverage on USAID funded vehicles.

Dear Samuel,

On February 22, I promised to provide Mr. Todd Dickens and you, information on above mentioned issues.

I discussed duty issue with Dr. Tekeste Fekadu, the Vice Minister of Health and the insurance coverage with the National Insurance Corporation of Eritrea.

Vehicles for the BASICS field office can be cleared duty free. Exemption certificate will be secured by MoH.

The National Insurance Corporation of Eritrea agreed to accommodate MoH concerns on insurance coverage of passengers on pick up vehicles.

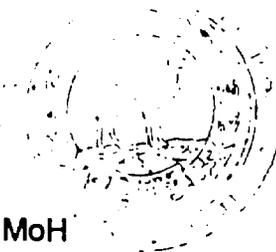
Arrangements are made to revise coverage for all pick up vehicles to include maximum ten people.

Hope such information is ample enough for BASICS to proceed with the purchase.

Thank you for your cooperation.

Sincerely Yours,


Tewolde G/yesus
Head, Dept. of Administration, MoH



Copy - Dr. Tekeste Fekadu
V. Minister of Health
- Ato Eyob Teclé
Head of Planning & Evaluation MoH
Mr. Todd Dickens
Procurement Officer BASICS/USAID
- Woldegebriel Hagos
Head, General Services Div.

APPENDIX C

APPENDIX C: Discussions with UNICEF, Save the Children, Africare, and GTZ

UNICEF

Ms. Abrahet, UNICEF Administration/Procurement Section

For its family of agencies working in Eritrea, the United Nations has negotiated an agreement with the Eritrean Government that allows imported project equipment and personnel goods purchased locally to enter Eritrea duty free. For project goods UNICEF prepares and stamps a donation certificate on UNICEF letterhead (see *Sample A*). The duty-free goods declaration is completed and stamped by UNICEF's clearing agent, Global Cabro (see *Sample B*). Both documents are forwarded by UNICEF to the protocol section of the Ministry of Foreign Affairs (MOFA) for approval. The MOFA stamps its approval on the duty-free goods declaration form and forwards the documents to customs with a letter authorizing duty-free status of the identified goods. Customs approves (stamps) the duty-free declaration form after which the goods are ready to be cleared by the clearing agent.

Ms. Abrahet mentioned that agencies working on humanitarian aid projects can use the UNICEF procurement services with approval from the designated UNICEF representative. For Eritrea, requests would be directed to Dr. Kopano Mukelabai, UNICEF representative, United Nations Compound, Asmara, Eritrea.

Save the Children Fund (SCF)

Mr. Anthony Thompson, Country Representative
Ms. Sarah Nancollas, SCF Transport Advisor

As a nonprofit organization, SCF has an agreement with ERA under which all project and office equipment is imported into Eritrea duty free. ERA will forward the documents supplied by SCF to the MOFA, and the procedure for clearance is similar to that described above for UNICEF. SCF has provided Toyota vehicles and a Land Rover to the MOH. The Land Rover was provided due to the geographic source limitations placed upon the use of the European Economic Union funds provided for vehicle purchase.

Mr. Thompson suggested that an experienced clearing agent be used to clear goods to ensure the process is performed in a timely manner. When SCF has relied on the MOH to clear goods in customs, the process has taken much longer than the standard one to two weeks. For some items, SCF did not receive an acceptance report from the MOH until three months after the goods had arrived in country.

Ms. Sarah Nancollas, Transport Advisor for SCF, was on a temporary assignment in Eritrea to assess the MOH's vehicle utilization policy. From her experience in vehicle evaluation, Ms. Nancollas recommended using Toyota vehicles in Eritrea over U.S. or other foreign-made 4-

wheel drive vehicles. Among Toyota models, her recommendation for the MOH vehicles was for land cruiser type pick-up trucks instead of the Hilux type pick-up trucks.

The Hilux vehicles she has seen have not held up well in adverse driving conditions. They have above-average problems with the clutch and gear box mechanisms. Apparently they have a high center of gravity and a propensity to roll over when an inexperienced driver misjudges road conditions. The land cruiser pick-up is of heavier duty construction and better suited for demanding driving conditions and difficult terrain.

Per Ms. Nancollas, the MOH has kept good records on the vehicles they have received from various organizations. As of January 1996, there were 89 Toyota vehicles in the MOH fleet; 24 land cruiser type vehicles, 8 minibuses, and 57 Hilux vehicles. She estimates it costs the MOH 1.3 birr per kilometer to operate a vehicle. This estimate includes the costs of the driver, insurance, maintenance, and fuel. Currently, the MOH does not have a clear policy regarding vehicle use, which results in excessive use of vehicles for "administrative" functions. Ms. Nancollas recommends that vehicle use be managed as a resource by the MOH to support their goals. She offered to provide a copy of her vehicle assessment report, upon completion, to the BASICS Asmara office.

Africare

Mr. Albert Agard, Country Representative

Africare arrangements for clearing project goods duty free are similar to those followed by SFC and other nonprofit organizations. They have been pleased with the work performed by their clearing agent, Galaxy Clearing Company (Mr. Gebridan G. Ziher; phone 12-6488). Mr. Agard provided information on other vendors he had dealt with in setting up the Africare Asmara office. Sewitt (office equipment) did a good job in installing the Africare office phone system. Awatta (office furniture) offered Africare reasonable prices and good service (damaged furniture was replaced immediately). For convenience in record keeping, Africare has set up an account with the Mobil station in Asmara (contact, Mr. Dessalegen Ogbamicael, owner) that allows them to bill monthly for fuel and services for the Africare vehicles.

German Technical Cooperation (GTZ)

Mr. Arthur Klauck, Water Resource Advisor

Under a bilateral agreement between the governments of Eritrea and the Federal Republic of Germany, all project material is to be exempt from duty charges. This agreement also applies to material purchased in country for the project. GTZ submits its custom clearance documents to the Ministry of Water Resources. From there, they are forwarded to the Ministry of Foreign Affairs and on to customs.

In the interest of expediting project goods through customs to support their schedule, GTZ has, on occasion, paid the customs duty. GTZ then submits the invoice showing duty payment to the Ministry of Water Resources. The Ministry will process the invoice and reimburse GTZ for the amount of duty paid. GTZ has used Eritrean Shipping and Transit Agency Services (ERSTAS) for custom clearance services.

Red Sea Trading Corporation

Mr. Markos Merhazion, Representative
Mr. Binian, Clearing Agent

The Red Sea Trading Corporation was originally formed by the Eritrean People's Liberation Front and had been part of this political party. Recently, however, Red Sea has been set up on a more independent basis and is expected to generate its own operating funds through its trading services. Red Sea has approximately 200 employees, 90 percent of whom are ex-combatants. The company has offices in Asmara and the port cities of Massawa and Assab.

In addition to the documents required for duty-free clearance, Eritrea requires the standard shipping documents (airway bill or ocean bill of lading, packing list, and commercial invoice) to clear goods through customs.

for ocean shipments there should be one original and four copies of the bill of lading, packing list, and commercial invoice. The original bill of lading should be endorsed by the consignee (BASICS) to the MOH. The MOH would then endorse the bill of lading to the clearing agent it has designated to process the goods through customs. The airway bill does not need to be endorsed for air shipments.

The costs for Red Sea customs clearance and forwarding services are itemized in Appendix D. Storage charges for goods held at the Asmara airport pending customs release begin accruing on the first day and are as follows:

Asmara airport storage fees:

Days 1-10: 0.01210 Birr per kg
Days 11-20: 0.02415 Birr per kg
Days 21-30: 0.03625 Birr per kg
Over 30 days: 0.04830 Birr per kg

Goods imported through the port of Massawa are allowed a 15-day grace period before storage charges accrue. Massawa storage charges are as follows:

Massawa port storage fees:

1. General cargo stored in warehouse:

Days 16-45 (30 days):	\$0.25 per ton per day
Days 46-75 (30 days):	\$0.30 per ton per day
After 75 days:	\$1.00 per ton per day

2. General cargo in open air storage:

Days 16-45 (30 days):	\$0.15 per ton per day
Days 46-75 (30 days):	\$0.30 per ton per day
After 75 days:	\$1.00 per ton per day

The port also has handling charges and other fees as follows:

Massawa port services fees:

1. Stevedoring
 - a. General cargo \$3.95 per ton
 - b. Vehicles \$6.65 per vehicle
2. Shore handling:
 - a. General cargo \$ 9.95 per ton
 - b. Vehicles \$20.95 per vehicle
3. Through charge: \$ 34.75 per vehicle up to 10 tons
\$103.50 per vehicle over 10 tons



Sample A

UNICEF ASMARA
P. O. Box 2004,
Eritrea
Fax No.: 291 1 181439
Phone : 291 1 182166

SU-200 ASM/96-048

29 January 1996

DONATION CERTIFICATE

The United Nations Children's Fund (UNICEF) has received the following shipment
for the ERRC Eritrean Relief & Refugee Commission/Ministry of Health

ITEM	DESCRIPTION	QTY.	BILL OF LADING AWB NO.
1	STC PORTABLE BUILDING	2 SKIDS	GCA-09
2	STC PORTABLE BUILDING ACCESSORIES	1 BOX	GCA-09
3	STC PORTABLE BUILDING ACCESSORIES	1 BOX	GCA-09

Our organization kindly requests your co-operation in granting entry without imposing any or foreign currency or exchange.

Thank you for your usual co-operation

Sincerely yours.

Isiye Ndombi

Officer In Charge

Department of Foreign Affairs,
protocol Section.
Asmara, Eritrea

BEST AVAILABLE COPY

28

BEST AVAILABLE COPY

012R/NO 002/96

ቁጽ ፶፭/ፀፀፀ፱

ገቢ ለገቢ ወይ ለገቢ
Importer or Exporter

UNICEF Ch CER/Ministry of Health

FINANCE
ገንዘብ ልገገ
Customs - Eritrea

ከፍ ወኪል
Clearing Agent

Global Cabro Clearing Agent

ግልብ ለገቢ ለገቢ ለገቢ ለገቢ ለገቢ
Vessel/Aircraft etc. M/V Fawziyah 13/5/96

ከብ ቀረጽ ላይ ገቢ ለገቢ ለገቢ
Duty Free Goods Declaration

ቀጽ ልዩደ Declaration No.

ታርታ ቀጽ Numerical Order

ቀጽ ግጥም Manifest No.

ቀጽ ባንን Wagon No.

ገቢ ለገቢ ለገቢ Date of Arrival

ገቢ ለገቢ ለገቢ Country of Origin

ገቢ ለገቢ ለገቢ Country of Destination

GCA-09

ገቢ ለገቢ ለገቢ
Eritrea/Ass

ፍገገ ገቢ Assab port 13/5/96

ፍገገ ገቢ ወይ ለገቢ ለገቢ For Importer or Exporter

ፍገገ ገቢ ለገቢ ለገቢ For use of Customs Office

ዕቃዎች Weight	ጠቅላይ ስልጠና Gross	ጠቅላይ ስልጠና Net	ጠቅላይ ስልጠና Mark	ገቢ ገቢ ለገቢ Description of Goods	ገቢ ገቢ Quantity	ገቢ ገቢ Unit	ገቢ ገቢ Value		ገቢ ገቢ Duty paying		ገቢ ገቢ Rate of Duty	ገቢ ገቢ Customs Duty		ገቢ ገቢ Tariff No.	ገቢ ገቢ Observation
							ገቢ ገቢ ቀጽ	ገቢ ገቢ ላ	ገቢ ገቢ ቀጽ	ገቢ ገቢ ላ					
	ገቢ ገቢ			portable Building	2	ገቢ ገቢ	11430								

BEST AVAILABLE COPY

- ፍገገ ገቢ ቀጽ ቀጽ
Manufacturer's Invoice No.
- ፍገገ ገቢ ቀጽ ቀጽ
Suppliers Invoice No.
- ፍገገ ገቢ ቀጽ ቀጽ
Bank Permit No.

ፍገገ ገቢ ቀጽ ገቢ ገቢ ገቢ

109196
08/02/96



Seal of the Customs Official

ገቢ ገቢ
Ledger No.

ገቢ ገቢ
Cash receipt No.

ገቢ ገቢ
Date

ገቢ ገቢ
Cashier

ገቢ ገቢ
Examiner

ገቢ ገቢ
Acct.

ገቢ ገቢ
Inspector

I certify that all the entries contained in this declaration are true and correct and anyone of them were to be otherwise I shall be liable for penalty prescribed by the regulation.

ፍገገ ገቢ ቀጽ ቀጽ ገቢ ገቢ ገቢ
Six Completed Copies must be submitted.

ፍገገ ገቢ ገቢ ገቢ ገቢ ገቢ ገቢ
No cancellations...

ገቢ ገቢ
Goods Released

ፍገገ ገቢ
Gate Clerk

ገቢ ገቢ ገቢ ገቢ ገቢ ገቢ
The above goods may be released

ፍገገ ገቢ ወይ ገቢ ገቢ
Director or Designate

Sample B

APPENDIX D

Tel 12 14 02 / 12 43 01 Asmara fax 11-10-93
Tel 552429 Massawa fax 552263

Annex D

Red Sea Trading Corporation

Clearing and Forwarding Agency

P.O.Box 332, Asmara.

Service Charges

I. By Sea Freight

1. **Bagged Cargo**
 - 1.1 Bagged grain and pulses Birr 8 per MT.
 - 1.2 " Coffee Birr 8 per MT.
 - 1.3 " Oil seeds Birr 8 per MT.
 - 1.4 " Salt Birr 8 per MT.
 - 1.5 " Cement Birr 8 per MT.
 - 1.6 " Fertilizer & Chemicals Birr 8 per MT
 2. **Commercial Goods**
 - 2.1 1-20 MT Birr 300
 - 21-50 MT Birr 500
 - 51-100MT Birr 800
 - Over 101 MT Birr 5 per excess of 101MT
 - 2.2 Personal Effect Birr 100 per B/L
3. **Iron & Steel** Birr 8 per MT
 4. **Vehicles**
 - 4.1 Small (less than 5 tonnesS) Birr 150 per vehicle
 - 4.2 Medium (5-10 tonnes) Birr 200 per vehicle
 - 4.3 Big (more than 11 tonnes) Birr 300 per vehicle
 5. **Container**
 - 5.1 20ft container (full) Birr 150 per box
 - 5.2 20ft container (empty) Birr 100 per box
 - 5.3 40ft container (full) Birr 300 per box
 - 5.4 40ft container (empty) Birr 200 per box
 6. **Food and Meat**
 - 6.1 Fresh Birr 8 per tonne
 - 6.2 Chilled Birr 8 per tonne
 7. **Life Stock**
 - 7.1 Sheep and goats Birr 0.75 per head
 - 7.2 Oxen , camel, mule, and donkey Birr 5.00 per head
- (II) By Air Freight**
1. 1 KG up to 50 KGs Birr 52.50 per AWB
 2. 51KGs-100 KGs Birr 60.00 per AWB
 3. Over 101 KGs Birr 0.25 per KG excess 101kg

(c) Transport Charges

1. Asmara Airport - Warehouse Birr 45 per trip
2. Massawa - Asmara Birr 6.50 per quintal (if direct delivery)

APPENDIX E

APPENDIX E:
February 21, 1996

DRAFT

Iyob Tekle, Head, Planning and Evaluation Bureau
Ministry of Health
P.O. Box 5815
Asmara, Eritrea

Re: Vehicles for the Eritrean Health Project

Dear Iyob:

Under the Eritrean Health Project, BASICS is to provide 8 vehicles to the Ministry of Health for use in the three designated health regions; Maakel, Gash-Barka and Dehub. The purpose of these vehicles is to increase the capacity of the Ministry of Health to perform field supervision, transport medical commodities and drugs, and conduct outreach programs. The BASICS field office will receive three vehicles that will allow the office to implement project objectives and monitor and support the project work being done by the Ministry of Health.

The BASICS project has now reached a critical stage where the long term technical assistance team is being finalized and can be expected to arrive in country as soon as next month. To avoid any further delay in implementing the Eritrean Health Project, BASICS is planning to procure 3 vehicles for the Ministry of Health and 2 vehicles for the BASICS field office as soon as reasonably possible. The process to procure the remaining vehicles for the Ministry of Health and BASICS is also proceeding, but due to the anticipated higher value of the procurement, this process will take longer as additional contract conditions must be met.

BASICS has received and reviewed both vehicle specification requirements provided to the Ministry of Health by the Department of Treasury on September 29, 1995. Alternative I specification is for a 4 wheel drive pick-up type vehicle, Alternative II specification is for a 4 wheel drive large sedan type vehicle. Given the project objectives and the role the Ministry of Health vehicles are intended to serve (field supervision, commodity transport, outreach) BASICS believes that both types of vehicles are needed to obtain the maximum benefit to the project and provide the greatest flexibility. The pick-up type vehicle is better suited for the transport of medical commodities and drugs that is required, while the large sedan type vehicle is better suited for field supervision and outreach, which are also required under the project.

Given that there is an immediate need for commodity distribution support, while the field supervision and outreach programs being developed under the project are not at a full implementation stage, BASICS proposes that the first three vehicles provided to the Ministry of Health be pick-up type vehicles. To determine the mix of the remaining vehicles to be provided (pick-up type and large sedan type) BASICS needs to receive from the Ministry of Health the proposed plan for use and operation of all 8 vehicles being provided under the project.

This plan would provide details such as; where each vehicle will be stationed (name of health center or station), name of the regional health official who will have responsibility for planning and authorizing the use of the vehicle, and the different services and operations the vehicle is intended to perform (i.e., 60 percent transport of medical commodities, 20 percent transport of medical equipment and personnel, etc.). With a specific plan that supports the stated project objectives and purpose of providing the vehicles, we will be able to determine the best balance of pick-up and large sedan type vehicles for the project.

As we work together to expedite the vehicle acquisition process, the other issue on which we need Ministry of Health assistance is resolution of the duty status for vehicles under this USAID funded project.

As you know from Mr. Al Neil's letter of October 25, 1995, which also raised this issue, BASICS by law is not allowed to pay duty on goods being funded by USAID and provided to the Eritrean Health project. Under the BASICS contract with USAID, all vehicles provided under the EHP will be turned over to the Government of Eritrea or their designated agency, which would be the Ministry of Health. Title to 8 vehicles will be turned over to the Ministry of Health upon arrival of the vehicles in Eritrea. Title to the three vehicles used by the BASICS field office will be turned over to the Ministry of Health upon completion of the project.

Given that the Ministry of Health will receive title to the BASICS field office vehicles at project completion, and that we must move forward with EHP project implementation to avoid any further delays, we must request that the Ministry of Health either obtain a waiver from the Government for duty payments on all 11 vehicles being funded by USAID, or agree to make duty payments on all 11 vehicles being provided to the project.

We recognize the difficulty this issue presents to the Ministry of Health, and BASICS stands ready to support the Ministry of Health in this request by providing any documentation and additional information you may require.

We both must acknowledge, however, that any further delay in resolving this issue will hamper the implementation of the project. For while BASICS can and is making preparations for ordering the vehicles, as discussed above, we will not be able to issue the actual order until the duty status issue is resolved.

To order vehicles without this issue resolved would place BASICS in the difficult position of not being able to receive the vehicles upon delivery, since by law we can not pay the duty, and then having to store the vehicles and pay warehouse storage costs until the issue was resolved.

In a project where both the Ministry of Health and BASICS are working together to try and wisely allocate and maximize the use of limited resources to the project's best benefit, to incur such costs, in addition to the costs associated with delaying the ability of project personnel to fully implement the project, would be unfortunate.

Again, we recognize the difficulty this issue presents and we look forward to meeting with you to work together to resolve it quickly and finally so that both the Ministry of Health and BASICS can move forward with the project.

Sincerely,

Robin Anthony
BASICS Operations Coordinator

[Note: This is a draft of the original letter to Mr. Iyob Tekle, which is on file at the BASICS/Asmara office.]

TDRP4549.ApE

APPENDIX F

ሃገረ ኤርትራ

ግ.ጊ.ግ.ግ. 4-85707 ለፖፖፖ



دولة ارتريا

وزارة المالية والتنمية

The State of Eritrea

Ministry of Finance and Development

Ref. 007/004/95

Date 29-7-95

To: Ministry of Public Health (Attn. Ato Senay)

Asmara

Please find attached two alternatives of specifications of Four-Wheel drives. These are specifications of Four-wheel drives which the government of Eritrea uses to base its purchases of such vehicles. As these standards are a requirement to be met by all government departments we advise you that any purchase of such vehicles you may contemplate have to meet these specifications.

Sincerely,

Gabriel Fassil

Head, Department of Treasury



SPECIFICATION

ALTERNATIVE I

- 1.1. Vehicle (4x4) with TRANSFER GEAR, Pick-up
- 1.2. DIESEL 5 CYLINDER-R-ENGINE, VERTICAL
4 STROKE, with Precombustion chamber
RATED output : 70 kw (95 hp) at 4000/min.
RATED torque: 192 NM (19.6 kpm) 2300/min
- 1.3. Compression ratio 22:1
TOTAL DISPLACEMENT (C.C) 2874
Cooling: water cooling with thermostat
- 1.4. - 5 speed with synchromesh gear-box.
 - transfer case on-ROAD 1= 1.00
 - off- " 1= 2.14
 - TRANSMISSION Ratio 1= 5.286
 - FRONT AXLE ratio 1 = 5.286
 - REAR " " 1 = 5.286
 - (with diffe. LOCK)
 - Powered Steering
- 1.5. DIMENTION & WEIGHT
 - Wheel BASE:- 3400
 - TOTAL LENGTH- c2 4815
 - GROUND clearance - 2.52
 - PLATFORM Length - 2185
- 1.6. Servo brake:
 - Hydraulic dual -circuit braking system with vacuum booster
 - and disk brakes at front: Drum brakes and ALB at the rear.
 - PARKING BRAKE: HAND BRAKE beside driver's seat acting on rear wheels
- 1.7. DIESEL = TANK CAPACITY 96 liters, fuel Consumption
liters 100/km reserve tank 50 liters.



TECHNICAL DATA

ALTERNATIVE II

NO. : 92TD-7129

DATE: September 21, 1995

MODEL

Left hand drive vehicle

DIMENSIONS

• Overall length	4,885 mm
width	1,690 mm
height	1,930 mm
• Wheelbase	2,980 mm
• Tread	
Front	1,415 mm
Rear	1,410 mm
• Ground clearance	230 mm

WEIGHT

• Curb weight	
Front	1,100 kg
Rear	850 kg
Total	1,950 kg
• Gross vehicle weight	3,035 kg

PERFORMANCE

• Maximum speed	145 Km/h
• Gradeability tan θ	0.40 (1st, H2)
• Min. turning radius	
Tire	2WD: 6.5 m, 4WD: 6.9 m
Body	2WD: 6.9 m, 4WD: 7.3 m



ENGINE

- Model Diesel, 6-cylinders in-line, OHC
- Type 94.0 x 100.0 mm
- Bore & stroke 4,164 cu.cm
- Piston displacement 22.7 to:1
- Compression ratio 96 Kw at 4,000 rpm
- Max. horsepower (SAE-Gross) 280 N-m at 2,000 rpm
- Max. torque (SAE-Gross)

FUEL SYSTEM

- Injection pump Bosch
- Automatic timer Hydraulic
- Fuel tank capacity 90 liter

COOLING SYSTEM

- Type Water cooled, belt
- Water pump Centrifugal, belt driven
- Water capacity
 - with heater 10.6 liters (Fr)
 - 11.6 liters (Fr + Rr)
 - without heater 9.9 liters

LUBRICATION SYSTEM

- Type Full pressure
- Oil pump Trochoid
- Oil filter Paper filter element
- Oil capacity
 - Drain & refill w/Filter 9.5 liters
 - Drain & refill w/o Filter 8.2 liters

ELECTRICAL SYSTEM

- Battery 75D31R, 12V-70AH(60AH)
Note: 20-hour-rate (5-hour-rate)
- Alternator 12V-660W
- Starter 12V-2.5KH



CLUTCH

- Type Single dry plate, Diaphragm
- Facing diameter 275 x 175 mm
- Facing area 353 sq.cm

TRANSMISSION

- Type 5-speed manual, all forward gear synchromesh Floor
- Shift lever position
- Gear ratios
 - 1st 4.843
 - 2nd 2.618
 - 3rd 1.516
 - 4th 1.000
 - 5th 0.845
 - Reverse 4.843
- Oil capacity 4.9 liters

FRONT AXLE

- Type Full-floating
- Capacity 1,300 kg

REAR AXLE

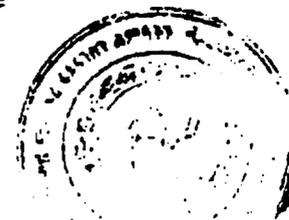
- Type Semi-floating
- Axle capacity 2,300 kg
- Final gear ratio 4.111

SUSPENSION

- Type
 - Front Leaf spring, rigid axle
 - Rear Leaf spring, rigid axle
- Shock absorber
 - Front Double-acting hydraulic telescopic
 - Rear Double-acting hydraulic telescopic

STEERING

- Gear box type Recirculating ball type
- Gear ratio 22.26 - 25.46
- Steering wheel diameter 410 mm,



PARKING BRAKES

- Type Mechanical brake operating on rear wheels
- Drum diameter 295 mm

SERVICE BRAKES

- Type Hydraulic, with vacuum booster
- Mechanism
 - Front Disc
 - Rear Drum (Leading & trailing)
- Drum or Disc diameter
 - Front 302.0 mm
 - Rear 295.0 mm
- Lining or pad size
 - Front (L x W x T)mm 118 x 53 x 10
 - Rear (L x W x T)mm 296 x 60 x 7
- Lining or pad area
 - Front sq. cm 50 x 2 x 2
 - Rear sq. cm 178 x 2 x 2

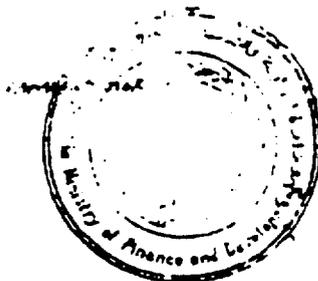
WHEELS AND TIRES

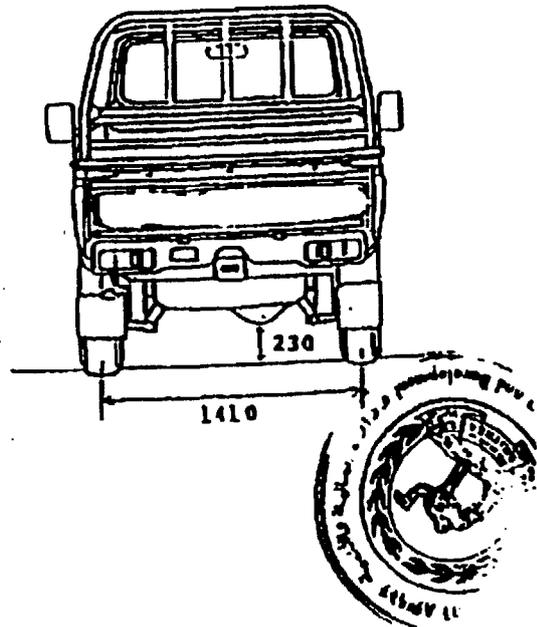
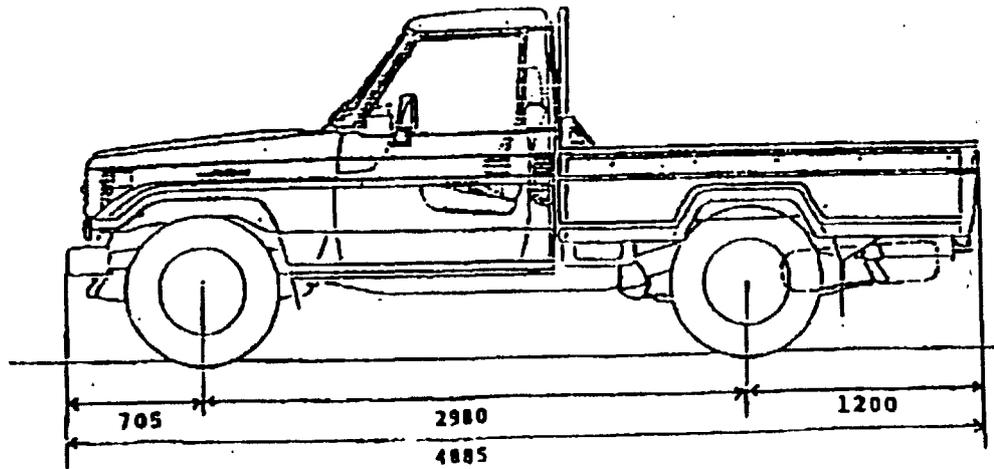
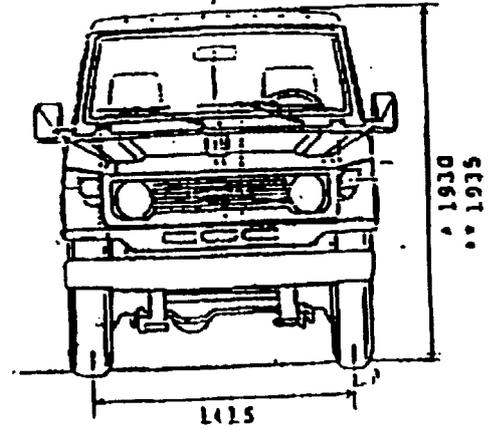
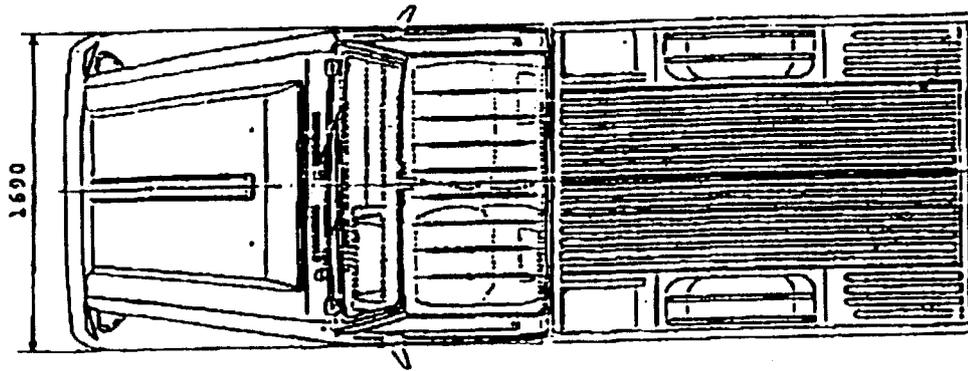
- Disc wheel size 5.50F x 16
- Tires
 - Front 7.50 16-8 PRLT
 - Rear & spare 7.50 16-8 PRLT

FRAME

- Type Ladder type, box section

Note; Specifications subject to change without notice





54

APPENDIX G

APPENDIX G:

February 27, 1996

DRAFT

Tewolde Ghebreyesus, Head, Administration Department
Ministry of Health
P.O. Box 5815
Asmara, Eritrea

Re: Vehicles for the Eritrean Health Project

Dear Tewolde:

We would like to express our thanks to you and Iyob Tekle for meeting with Mr. Todd Dickens and me on February 22 to discuss the procurement of vehicles by BASICS for the Eritrean Health and Population Project. Under Phase I of the Eritrean Health and Population Project, BASICS is to provide 8 vehicles to the Ministry of Health for use in the three designated health regions; Maakel, Gash-Barka, and Debub. The purpose of these vehicles is to increase the capacity of the Ministry of Health to perform field supervision, transport medical commodities and drugs, and conduct outreach programs. The BASICS field office will receive three vehicles that will allow the office to implement project objectives and monitor and support the project work being done by the Ministry of Health. Title to these three BASICS vehicles will be transferred to the Ministry of Health upon completion of the Eritrean Health and Population Project.

As we discussed on February 22, to avoid any further delay in implementing the Eritrean Health and Population Project, BASICS is planning to procure 3 vehicles for the Ministry of Health and 2 vehicles for the BASICS field office as soon as reasonably possible. The process to procure the remaining vehicles for the Ministry of Health and BASICS is also proceeding, but due to the anticipated higher value of the procurement, this process will take longer as additional contract conditions must be met.

In our discussion you expressed the Ministry of Health preference that all 8 vehicles provided to the Ministry under Phase I of the project be "Land Cruiser" pick-up type vehicles or equivalent. We agreed that the first three vehicles provided to the Ministry could be of this type or similar. We also agreed that BASICS would consider having the remaining five vehicles be pick-up type also if they can be insured for additional passengers.

As we understand it, the current insurance coverage for Ministry of Health vehicles is that single cabin vehicles have insurance for two people, the driver and one passenger. Double cabin vehicles have insurance for four people, the driver and three passengers.

The "Landcruiser" pick-up type or equivalent is a single cabin vehicle. Under the current Ministry of Health insurance policy, this vehicle could only be insured for two people, the driver and one passenger. To provide 8 single cabin pick-up type vehicles under the current insurance policy, with its limitation on coverage, does not support the stated project objectives for the vehicles, which include field supervision and outreach programs.

On February 23, Mr. Iyob Tekle, Mr. Jeremy Clark, Dr. Meba Kagone, Mr. Dickens and I visited the Mendefera provincial hospital and spoke to Dr. GebreMariam, Zonal Medical Officer of the hospital. During our meeting with Dr. GebreMariam we were able to discuss the field's preference for vehicle support.

Dr. GebreMariam indicated that under current Ministry of Health insurance policies, a single cabin pick-up type vehicle does not support the zone's need to perform field supervision and outreach, since only two people can be insured for this vehicle.

If the insurance policy can be revised to insure additional passengers on single cabin pick-ups, then a single cabin pick-up type vehicle would support the zone's field supervision and outreach programs and would be acceptable. If the insurance policy is not revised, Dr. GebreMariam would prefer double cabin pick-ups, as these can be insured for at least four people.

In our meeting last Thursday you indicated you had received preliminary information from the insurance company that it would be possible to revise the current insurance policy and insure a single cabin pick-up type vehicle for additional passengers. Based on this preliminary information BASICS will continue to prepare the documentation needed to procure five additional single cabin pick-up type vehicles.

We are unable, however, to formalize the process, request USAID approval to proceed and actually contact suppliers until we have received written confirmation from the Ministry of Health that insurance for additional passengers will be available for single cabin vehicles. This written confirmation from the Ministry should also identify the total number of people that will be insured for the single cabin vehicles.

BASICS recognizes that changing any existing policy, such as vehicle insurance, is not an easy task and we appreciate the efforts of the Ministry of Health to accomplish this so the procurement of the five remaining Ministry of Health vehicles can proceed in a timely manner.

We also want to acknowledge the efforts you are making to resolve the duty status of the BASICS project and vehicles. Your efforts to resolve these two issues and move the project forward are in keeping with the spirit of collaboration that has been established on this project, and we look forward to a continued strong working relationship as the project now approaches full implementation.

If BASICS can be of any assistance in supporting the Ministry of Health on the insurance and duty status issues by providing any documentation and additional information you may require, please do not hesitate to contact us.

Sincerely,

Samuel Iyasu
BASICS Office Administrator

[Note: This is a draft of the original letter to Mr. Tewolde Ghebreyesus, which is on file at the BASICS/Asmara office.]

APPENDIX H

APPENDIX H:

PHARMACOR

PHARMACOR is the sole supplier of pharmaceuticals, medical equipment, medical instruments, chemicals, reagents, and diagnostics to the Eritrean government and private sector.

PHARMACOR functions on a semi-independent basis as a parastatal organization. The General Manager of PHARMACOR reports to a board whose members consist of representatives from the Ministry of Health (MOH) and other government agencies. The role of the board is limited to broad oversight. PHARMACOR is responsible for generating its revenue requirements from its sales activities and operations.

Goods purchased by PHARMACOR are subject to a 3 percent government duty and a 5 percent sales tax. PHARMACOR's standard fee for its services is 15 percent of the CIF value of goods procured. Approximately 50 to 60 percent of the profit generated from PHARMACOR operations reverts back to the Government of Eritrea.

PHARMACOR is organized into three functional departments: Procurement, Marketing, and Administration, all of which are overseen by PHARMACOR General Manager, Mr. Misghinna Tekleab. The Procurement Department consists of the Procurement Manager, Mr. Fessehatsion Markos; two staff who perform follow-up on order deliveries, bank payments, and insurance; and a fourth staff person who is responsible for analysis of supplier offers and data recording. Mr. Fessehatsion Markos is a licensed pharmacist.

Per Mr. Fessehatsion Markos, approximately 25 percent, by value, of PHARMACOR's purchases are for the public sector, excluding the army. Purchases for the army and a few smaller organizations within the government comprise about another 25 percent. Purchases for the private retail sector are about 50 percent of PHARMACOR's expenditures.

Approximately 60 percent, by value, of all supplies purchased were competed through an open tender process, with 25 percent competed on a limited tender basis, and 15 percent acquired by direct purchase.

PHARMACOR conducts between one and two open international tenders per year. The value of the recent tenders by year have been:

1994	24 million Birr	(@ 3.8 million USD)
1995	25 million Birr	(@ 4.0 million USD)
1996	30 million Birr (estimate)	(@ 4.8 million USD)

PHARMACOR's most recent open international tender was released on November 15, 1995, and closed on January 10, 1996. This bid (ICB Nr. PM/C/95) was issued for 117 different pharmaceutical and medical supply items. A copy of this bid and an evaluation of its terms and conditions is contained in Appendix I. A copy of the record of the bid opening is also included in Appendix I.

APPENDIX I

APPENDIX I: PHARMACOR INVITATIONS FOR COMPETITIVE BID DOCUMENT

Appendix I(a): PHARMACOR Tender Document

PHARMACOR is the sole supplier of pharmaceuticals to the Eritrean Ministry of Health and the private sector. PHARMACOR also sells medical equipment and supplies, chemicals, reagents, and diagnostics to both sectors.

PHARMACOR recently completed its second open competitive tender (ICB NR. PM/C/95, closing date January 10, 1996, copy attached) for 117 items and is in the process of compiling and evaluating the responses.

The PHARMACOR Invitation for Competitive Bid (ICB) document is patterned after the "Standard Bidding Documents: Procurement of Goods" procedures developed and published by The World Bank. A review of the document shows it to be well structured and reasonably thorough in addressing the key subject areas required for international competitive bidding.

The instructions to bidders section provides specific direction to bidders and identifies the essential information a bidder needs to submit in order for its bid to be considered for evaluation and possible contract award. These instructions are clear and include all the major categories, i.e., bidder eligibility guidelines, where and when bids have to be made, the validity period of the bids, bid and performance security requirements, and a reservation enabling PHARMACOR to reject any bid or cancel the bidding process at any time without incurring an obligation to bidders.

The general contract conditions section includes the essential clauses, found in most standard bid procedures, that identify a supplier's contractual responsibility and the implications of failure to perform the contract. They cover issues such as warranty, contract amendment procedures, packing/labeling/delivery requirements, contract termination and payment terms.

In the technical specification section of the bid the products requested are identified by their international non-proprietary or generic names. This assures maximum competition among suppliers and traditionally results in lower prices than those obtained if products requested were identified by a manufacturer's brand name.

The quality assurance and registration documents (certificate of analysis, certificate of origin, WHO proposed certificate of pharmaceutical product, GMP certification) that PHARMACOR requests from bidders helps to ensure the products meet necessary quality standards. Product samples submitted with bids are currently tested by a quality control laboratory at Nairobi University. In the near future, some of this testing will be performed by the first stage drug quality control laboratory being established with BASICS/AID assistance. As a further monitor of product quality, the bid document reserves to PHARMACOR the right to inspect products after receipt and reject those that do not conform to requirements.

Forms to be submitted by bidders with their bid, i.e., bid form, price schedule form, bid security form, and performance security form are all based on World Bank suggested forms and are suitable for PHARMACOR's tender process.

For its international competitive bid process PHARMACOR has prepared suitable documents that are clear and comprehensive, and address the important contractual, financial, and product quality issues that arise in procuring pharmaceutical and medical products. The consultant has proposed to PHARMACOR that the following comments be considered in any revision they undertake to the bid documents. These suggested additions/revisions are considered to be a fine-tuning of what is basically a sound document. Pages and sections referred to below correspond to those in PHARMACOR bid document ICB PM/C/95.

Page 1. Invitation for Bid.

Though most bidders understand that the cost to prepare a bid is at their expense, it is common to include a statement to that effect to remove any doubt on the subject and avoid potential disputes. PHARMACOR should consider adding such a statement to the bid document. Suggested World Bank wording to address this issue is as follows:

The bidder shall bear all costs associated with the preparation and submission of its bid. PHARMACOR will in no case be responsible or liable for such costs, regardless of the conduct or outcome of the bidding process.

Page 5. Bid Security.

Most bidders will submit their bid security in the currency they are proposing for contract payment. As above, it is common to include a statement clarifying this in the document and PHARMACOR has done so for the performance security requirement in Section 2.7.3 of the General Conditions of Contract. The same wording could be used for bid security as follows:

The bid security shall be denominated in the currency of the bidder's proposal or in a freely convertible currency acceptable to the purchaser.

Termination for Convenience.

Section 2.18 of the General Conditions of Contract addresses termination for default. PHARMACOR may want to consider adding a termination for convenience clause also, a standard clause found in many contracts. A suitable variation on the following edited World Bank clause is suggested below.

The Purchaser may terminate the contract at any time, in whole or in part, at its convenience by sending written notice to the supplier. The notice of termination shall specify that termination is for the Purchaser's convenience, the extent to which the performance of the Supplier under the contract is terminated, and the date upon which

62

such termination becomes effective. The goods that are complete and ready for shipment within thirty (30) days after Supplier's receipt of notice of termination shall be accepted by the Purchaser at the contract terms and prices. For the remaining goods, the Purchaser may elect:

- a) to have any portion completed and delivered at the contract terms and prices; and/or
- b) to cancel the remainder and pay the Supplier an agreed amount for partially completed Goods and Services and for materials and parts previously procured by the Supplier.

Page 15. Resolution of Dispute.

Section 2.2 of the General Conditions of Contract of the ICB includes a statement that if negotiations fail to resolve a dispute the matter will be settled by arbitration. There is no indication of what arbitration standards are to be followed. Standard arbitration clauses always state the arbitration proceedings are to be conducted in accordance with the rules of a designated arbitration agency or association. Without such ground rules designated in advance the arbitration process could become ineffective. PHARMACOR should consider adding a statement such as:

Arbitration will be conducted in accordance with the applicable governing regulations of Eritrea. The arbitrators decision will be final and binding.

Or, alternatively, if Eritrean arbitration guidelines are not available:

Arbitration will be conducted in accordance with UNCITRAL arbitration rules. The arbitrators decision will be final and binding.

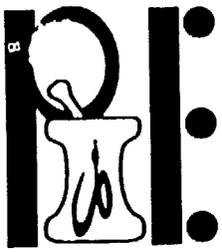
A copy of UNCITRAL arbitration rules is filed as Appendix J.

TDRP4549.Apl

Nr.

BIDDING DOCUMENT
FOR
PROCUREMENT OF PHARMACEUTICALS,
DRESSINGS AND DISINFECTANTS
ICB NR. PM/C/95

47



ኮርፖራሽን መድሃኒትን ናውቲ ሕክምናን ኤርትራ

PHARMECOR ERITREA

ABYOT St. No. 84

P.O.Box 200

Fax. 291-1-126455

Tel. 291-1-115144

291-1-110644

ASMARA, ERITREA.

PROCUREMENT OF PHARMACEUTICALS,
DRESSINGS AND DISINFECTANTS.

ICB NR. PM/C/95

Closing Date:- Jan. 10,1996 at 12 Hrs.

Opening Date:- Jan. 10,1996 at 15 Hrs

TABELE OF CONTENTS

	PAGE NR.
I INVITATION FOR BID.....	1
II INSTRUCTIONS AND GENERAL CONDITIONS OF CONTRACT.....	2
1.0 INSTRUCTIONS AND INFORMATIONS TO BIDDERS.	2
1.1 GENERAL INSTRUCTION.....	2
1.2 QUALIFICATION FOR PARTICIPATION.....	2
1.3 THE BIDDING DOCUMENTS.....	3
1.4 CLARIFICATION OF BIDDING DOCUMENTS.....	3
1.5 AMENDMENT OF BIDDING DOCUMENTS.....	3
1.6 LANGUAGE OF BID.....	3
1.7 DOCUMENTS COMPRISING THE BID.....	4
1.8 PRICE AND BID CURRENCIES.....	4
1.9 DOCUMENTS ESTABLISHING BIDDERS ELIGIBILITY AND QUALIFICATION	4
1.10 SAMPLES.....	5
1.11 BID SECURITY.....	5
1.12 PERIOD OF VALIDITY OF BID	6
1.13 PRESENTATION OF BID.....	6
1.14 DEADLINE FOR SUBMISSION OF BID	6
1.15 LATE BIDS.....	7
1.16 MODIFICATIONS AND WITHDRAWAL OF BIDS.....	7
1.17 BUYER'S RIGHT.....	7
1.18 OFFICIAL ADDRESS.....	7
1.19 BID OPENING.....	8
1.20 CLARIFICATION OF BID.....	8
1.21 PRELIMINARY BID EXAMINATION.....	8
1.22 EVALUATION AND COMPARISON.....	8
1.23 CONTACTING THE PURCHASER.....	9
1.24 AWARD OF CONTRACT.....	9
1.25 NOTIFICATION OF AWARDS.....	9
1.26 PERFORMANCE SECURITY.....	9

2 0 GENERAL CONDITIONS OF CONTRACT

2 1	DEFINITIONS.....	10
2 2	CERTIFICATES.....	10
2 3	STANDARDS.....	10
2 4	WARRANTY.....	11
2 5	DELAY IN SUPPLIERS PERFORMANCE.....	11
2 6	PATENT RIGHTS.....	11
2 7	PERFORMANCE SECURITY.....	11
2 8	PACKING.....	12
2 9	LABELLING AND MARKING.....	12
2.10	INSURANCE.....	13
2.11	DELIVERY.....	13
2 12	FREIGHT.....	14
2.13	APPLICABLE LAW.....	14
2.14	CONTRACT AMENDMENT.....	14
2.15	ASSIGNMENT.....	14
2.16	TERMS OF PAYMENT.....	14
2 17	EXPIRY DATES.....	14
2 18	TERMINATION FOR DEFAULT.....	15
2 19	FORCE MAJEUR.....	15
2 20	RESOLUTION OF DISPUTE.....	15
2.21	CONSIDERATION OF BID.....	15

III TECHNICAL SPECIFICATION..... 16

PRODUCT SPECIFICATION.....	16
PACKING SPECIFICATION.....	21

IV BIDDING AND CONTRACT FORMS AND ATTACHMENTS..... 23

ANNEX II	BID FORM.....	24
ANNEX III	PRICE SCHEDULE FORM.....	25
ANNEX IV	LETTER OF AUTHORITY FROM MANUFACTURERS.....	26
ANNEX V	BID SECURITY FORM.....	27
ANNEX VI	PERFORMANCE SECURITY FORM.....	28
ANNEX VII	CERTIFICATE OF PHARMACEUTICAL PRODUCTS FORM.....	29
ANNEX VIII	QUALIFICATION FORM.....	31
ANNEX IX	LIST OF CORRESPONDENT BANKS OF THE COMMERCIAL BANK OF ERITREA AND THEIR SWIFT CODES.....	34

INVITATION FOR BID

FOR THE PROCUREMENT OF PHARMACEUTICALS, DRESSINGS AND DISINFECTANTS

ICB PM/C/95

PHARMECOR-ERITREA invites sealed bids from primary manufacturers or their authorized representatives. Merchant exporters, traders and pre-packers are not classified as primary manufacturers and bid from them will not be accepted.

Documentary evidence will be required from all bidders that they have qualification, experience and capacity to be able to successfully complete the contract on time for the items offered

Bidding documents may be obtained upon payment of a non refundable fee of Birr 250 or USD 50 from PHARMECOR ERITREA Procurement Department starting November 15, 1995. If documents are required by courier a draft/cheque of USD 100 must accompany the request.

Bid security of 2% (Two percent) of the total bid amount is required to qualify for the bid. Wax sealed envelope marked "Bid for ICB Nr PM/C/95" must be delivered/couriered to the address below before Jan. 10, 1996 12:00hrs local time.

Bids will be opened on Jan. 10, 1996 at 15:00hrs local time in the presence of Bidders or their representatives at PHARMECOR-ERITREA premises.

PHARMECOR-ERITREA reserves the right to accept or reject any bid and to annual the bidding process and reject all bids at any time prior to award of contract.

OUR ADDRESS IS

PHARMECOR ERITREA
ABYOT ST. Nr 84
P O Box 200
Fax 291-1-126455
Tel 291-1-115144
291-1-110644
Asmara Eritrea

INSTRUCTION TO BIDDERS AND GENERAL CONDITIONS OF CONTRACT

1. INSTRUCTIONS AND INFORMATIONS TO BIDDERS

1.1 GENERAL INSTRUCTIONS

- 1.1.1 These instructions are intended to serve as a guideline in the preparation of bid for all items covered in this competitive bid
- 1.1.2 With submission of a bid, the Bidder acknowledges that he has carefully examined the details of the bidding document. Failure to follow instructions and the general conditions of the contract may result in rejection of bid and disqualification from participation.
- 1.1.3 The name of Pharmaceutical, Dressings and Disinfectants preparations are in their international non-proprietary or generic names.

1.2 QUALIFICATION FOR PARTICIPATION

- 1.2.1. In order to participate in this Bid, the Bidder should be the primary manufacturer of the product quoted. A "Primary manufacturer" is defined as a company that performs all the manufacturing and fabricating operations needed to produce pharmaceutical, dressings & disinfectants in their appropriate specification, including processing, blending, formulating, filling, packing, labelling and quality testing. Merchant exporters pre-packers, and traders are not classified as primary manufacturers and bids from them will not be accepted.
- 1.2.2 Bidder offering to supply products which he does not manufacture must produce notarized documentary evidences that he has been duly authorized by the manufacturer to supply the product quoted as provided in Annex IV
- 1.2.3 In order to qualify and participate in this competitive Bid, Bidders are required to submit:
 - I. Company registration certificate from the Ministry of Health of the State of Eritrea
OR
 - II. Free sales certificate to the effect that the product quoted is marketable in the country of origin (if not state reason) and inspection GMP certificate as recommended by the WHO

13 BIDDING DOCUMENTS

1.3.1 In addition to the Invitation for Bids, the Bidding document includes

- a. Instruction to Bidder
- b. General conditions of contract
- c. Technical specifications
- d. Bid form
- e. Price schedule
- f. Bid security form
- g. Performance security form

The Bidder is expected to examine all instruction, forms, terms and specifications in the Bidding Document. Failure to provide all information required or submission of a bid not substantially responsive to the Bidding Document will be at the Bidder's risk and may result in rejection of its bid.

14 CLARIFICATION OF BIDDING DOCUMENTS

1.4.1 Bidders requiring clarification of the Bidding Documents may request the purchaser in writing or by telex or fax at the purchaser's mailing address. The Purchaser shall respond in writing to any request for clarification which it receives not later than 30 days prior to the deadline for the submission of bids prescribed by the purchaser. Written copies of the purchaser's response will be sent to all prospective Bidders which have acquired the Bidding Document.

15 AMENDMENTS OF BIDDING DOCUMENTS

1.5.1 At any time prior to the deadline for the submission of bids, the purchaser, may for any reason, whether at its own initiative or in response to clarification requested by prospective Bidder, modify the Bidding Document by amendment. The amendment will be notified in writing, telex or fax to all bidder which have received the Bidding Documents.

16 LANGUAGE OF BID

1.6.1 The bid prepared by the Bidder and all correspondences and documents shall be written in English

RP

17 DOCUMENTS COMPRISING THE BID

1.7.1 The bid prepared by the Bidder shall comprise the following components

- a. Bid form and price schedule
- b. Documentary evidences that the Bidder is eligible to bid and is qualified to perform the contract if its bid is accepted
- c. Bid security
- d. Certificates of standards issued by the drug regulatory body of the country of origin.

1.7.2 The Bidder shall complete the bid form and the price schedule in accordance with the standard form in the attachment.

18 PRICE AND BID CURRENCIES

1.8.1 Price must be quoted in the currency of the country of origin or in USD as provided in the price schedule

1.8.2 Price shall be firm and unchangeable during the validity of the offer and the performance of the contract.

1.8.3 Cost of packing, marking, protection and similar expenditure are to be included in the price.

1.8.4 All expanses outside Eritrea such as custom, taxes, bank charges etc. shall be born by the supplier.

19 DOCUMENTS ESTABLISHING BIDDERS ELIGIBILITY & QUALIFICATION

1.9.1 The documentary evidence of the Bidder's qualification to perform the contract if its bid is accepted, shall establish to the purchasers satisfaction that the Bidders:-

- a. Is incorporated in the country of manufacture
- b. Has been licensed by the regulatory authority in the country of origin
- c. Has received GMP inspection certificate from the drug regulatory body in the country of origin and has not violated any standard for the last five years.
- d. That, in the case of a Bidder to supply goods under the contract which the Bidder did not manufacture, that the bidder has been authorized by a manufacturer that meets the above criteria.

1.10 SAMPLES

1.10.1 The bidder shall send sufficient quantities of samples in the packing to be offered for assessment and identification. All samples should be labelled in English bearing the seral number of ICB PM/C/95. It must be submitted at least within 15 days after the opening date. Reduced size or small quantities may not be acceptable.

1.11 BID SECURITY

1.11.1 Bidders shall submit bid security in the sum of 2% (two percent) of the total bid amount in the form of acceptable locally certified cheque or guarantee from the Commercial Bank of Eritrea. The bid security may be issued by a foreign bank or one of the bank listed in Annex V and must be counter guaranteed by the Commercial Bank of Eritrea at the following address:-

COMMERCIAL BANK OF ERITREA
LIBERTY AVENUE
P O BOX 219
TEL 291-1-121844
FAX 291-1-121849
TLX 583-1445557
ASMARA, ERITREA

1.11.2 Any bid not accompanied by a bid security or for which a bid security are not received before the closing date and hour may be rejected.

1.11.3 As the awards are declared the bid security shall be returned to the unsuccessful bidder and not later than 30 days after the bid validity.

1.11.4 The bid security shall be forfeighted:

- I. If the bidder withdraws its bid during the period of bid validity specified by the bidder in its bid.
- II. If a successful bid having been notified of the acceptance of its bid.

- a. Fails to sign a contract
- b. Fails to furnish performance security within 30 days after notification of award or receipt of purchase order.

1.11.5 Bidders whose bid amounts to less than 50,000 may not be required to furnish bid security.



1 12 PERIOD OF VALIDITY OF BIDS

- 1.12.1 Bids shall remain valid for a period of 180 days after the bid opening date. Bid valid for a shorter period may be rejected by the purchaser as non-responsive
- 1.12.2 In exceptional circumstances, the Purchaser may solicit the Bidder's consent to an extension of the period of validity. The request and the response shall be made in writing. The bid security shall also be suitably extended. A Bidder may refuse the request without forfeiting its bid security. A Bidder granting the request will not be required or permitted to modify its bid

1 13 PRESENTATION OF BID

- 1.13.1 Presentation of Bid implies acceptance of all the instructions and the General conditions of the ICB PM/C/95
- 1.13.2 Bidders may submit offer for any one or more items
- 1.13.3 The Bidder shall prepare one original and 4 copies clearly marking each "ORIGINAL BID" and "COPY BID"
- 1.13.4 The original and all copies shall be signed by an appropriate person or persons duly authorized to bind the Bidder to the contract. Authorization shall be indicated by written power of attorney accompanying the bid. All pages of the bid shall be initialed
- 1.13.5 The bid shall contain no interlineation erasures or overwriting except as necessary to correct errors by the bidder, in which case such corrections shall be initialed by the person or persons signing the bid.
- 1.13.6 The Bidder shall seal the original and each copy in an inner and outer envelope duly marking the envelopes as "Original" and "Copy" and should be submitted in wax sealed envelopes.
- 1.13.7 The outer envelope shall indicate the name and address of the Purchaser and the project name ICB Nr. PM/C/95 and the words "DO NOT OPEN BEFORE" (The time and date of the opening)
- 1.13.8 The inner envelope shall indicate the name and address of the Bidder to enable the bid to be returned unopened in case it is declared late. If the envelope is not sealed and marked properly, the purchaser will assume no responsibility for bids misplacement and premature opening.
- 1.13.9 Bids should be hand delivered or couriered to ensure safe and timely arrival.
- 1.13.10 Fax offers addressed to PHARMECOR ERITREA are not acceptable.

1 14 DEADLINE FOR SUBMISSION OF BID

- 1.14.1 Bids must be received by the purchaser at the specified official address not later than Jan. 10, 1995 at 12:00 hrs local time
- 1.14.2 The purchaser may, at its discretion extend its deadline for the submission of bid by amending the Bidding document in accordance with clause 1.5.1 in which case all rights and obligations of the Purchaser and the Bidder will thereafter be subject to the deadline as extended

63

1 15 LATE BIDS

1 15 1 Any bid received by the Purchaser after the deadline for submission of bid prescribed by the purchaser will be rejected and/or returned unopened.

1 16 MODIFICATION AND WITHDRAWAL OF BIDS

1.16.1 The Bidder may modify or withdraw its bid after submission, provided written notice of the modification or withdrawal is received by the purchaser prior to the deadline for submission of bids.

1.16.2 The Bidders modification or withdrawal notice shall be prepared sealed, marked and dispatched in same manner as per submission.

1 17 BUYERS RIGHTS

1 17.1 The purchaser reserves the right at the time of award to increase or decrease quantities specified in the tender by upto 25% with out charge of price or other terms and conditions.

1 17.2 The purchaser reserves the right to accept or reject any bid and to annul the bidding process at any time prior to award of contract, without thereby incurring any liability to the affected Bidder or Bidders any obligation to inform the affected Bidder or Bidder of the ground for the buyer's action.

1.17.3 Request for quotation in this ICB does not imply any obligation on the part of PHARMECOR ERITREA for any reason whatsoever.

1 18 OFFICIAL ADDRESS

1.18.1 All correspondence inquiries concerning ICB Nr. PM/C/95 should be sent to:

PHARMECOR ERITREA
ABYOT ST. Nr. 84
P.O.Box 200
Tel 291-1-115144
291-1-110644
Fax 291-1-126455
ASMARA, ERITREA

79

1 19 BID OPENING

- 1 19 1 The Purchaser will open the bids, in the presence of bidders or their representatives who choose to attend the bid opening ceremony at the purchasers premises. The Purchaser may invite government officials from appropriate Ministries to witness the bid opening and act as panel members.
- 1 19 2 The Bidders name total bid price, number of items quoted and the presence or absence of bid securities and requists of certificates will be announced at the opening.
- 1 19.3 The panel members shall sign on all copies of the price schedule of all bids.

1 20 CLARIFICATION OF BID

- 1 21 1 To assist in bid examination, evaluation and comparision the purchaser may, at its own discretion ask the Bidder for clarification. The request and response shall be in writing and no charge in the price or substance of the bid shall be sought, offered or permitted.

1 21 PRELIMINARY BID EXAMINATION

- 1.21 1 The purchaser shall examine the bids to determine whether they are complete, whether any computational errors have been made, whether the required securities have been furnished and whether the documents have been properly signed.
- 1 21 2 Prior to detailed bid evaluation the Purchaser shall determine whether a bid is substantially responsive or not
- 1.21.3 A substantially responsive bid is one which conforms to all terms and conditions of the Bidding document with out material deviation. A bid determined as not substantially responsive will be rejected by the Purchaser.

1 22 EVALUATION AND COMPARISON

- 1 22.1 For purposes of comparison, all details as regards price, delivery, terms of payment and other pertinent information of all bids and every item shall be posted on the bid analysis form.
- 1 22 2 To facilitate evaluation and comparison, the purchaser will convert all bid prices expressed in different currencies into Birr at the rate prevailing at the opening date as may be provided by the bank of Eritrea.

75



1 22 3 In the determination of the lowest evaluated cost taking the following criteria and other components which may affect costs may be taken into consideration.

1. Price (FOB, C+F Air, C+F Sea)
2. Delivery (time, cost of transport)
3. Terms of payments
4. Discounts, bonuses & free goods.

1 23 CONTACTING THE PURCHASER

1 23 1 No Bidder shall contact the Purchaser on any manner relating to its bid from the time of bid opening to the time the contract is awarded.

1 23 2 Any effort by a Bidder to influence the Purchaser in the bid evaluation, bid comparison or contract award decision may result in the rejection of the Bidder's bid.

1 24 AWARD OF CONTRACT

1 24 1 Purchaser will award the contract determining to its satisfaction whether the bidder selected as having submitted the lowest evaluated bid is qualified to satisfactory perform the contract.

1 24 2 In awarding the contract the purchaser will take into account, the Bidders financial, technical, quality control and production capabilities and other informations the purchaser deems necessary and appropriate.

1 25 NOTIFICATION OF AWARDS

1 25 1 Awards shall be notified in writing, cable, fax or telex to be confirmed in writing that its bid has been accepted. The notification of award and the establishment of a purchase order will constitute the formation of the contract.

1 25 2 Upon the successful bidders furnishing of performance security the purchaser will promptly notify each unsuccessful Bidder and will discharge its bid security.

1 26 PERFORMANCE SECURITY

1 26 1 Within 30 days of the receipt of notification of award from the purchaser, the successful Bidder shall furnish performance security in the amount of 10% (ten percent) of the contract amount as provided in clause 27 of the general conditions.

1 26 2 Failure to furnish a performance security shall constitute sufficient ground for the annulment of the award and forfeiture of its bid security, in which case the purchaser may make award to the next lowest evaluated bidder or call for a new bid

2. GENERAL CONDITIONS OF CONTRACT

2.1 DEFINITIONS

- 2.1.1 Buyer/Purchaser means PHARMECOR-ERITREA
- 2.1.2 Days means calendar days and includes Sundays and Holidays
- 2.1.3 "Items" or "Products(s)" means pharmaceuticals, dressings, and disinfectants requested for quotation.
- 2.1.4 "Supplier or seller or bidder" means the party who by virtue of their contract undertakes to supply the item or products and persons to whom contracts may be assigned by the seller/supplier with prior consent in writing by the buyer.
- 2.1.5 PM/C/95 is a reference number for this competitive bid
- 2.1.6 Suppliers document means "GMP certificate, free sale certificate of origine, letter of appointment and Bidder's offer.
- 2.1.7 "Contract" means the contract that successful bidders will be required to enter into for the supply of products tendered seller's offer
- 2.1.8 "Price" means the price payable to the seller under the contract for the full and proper performance by the seller as determined under the provision of the contract.
- 2.1.9 Origine means the place where the goods are produced or manufactured
- 2.1.10 ICB means international competitive bid

2.2 CERTIFICATES

- 2.2.1. All certificates should be original and recent or at least issued in 1994/1995 and should be attested by the drug regulatory authority of the country of origin and in accordance with the WHO scheme of certification for Pharmaceuticals moving in the international commerce

2.3 STANDARDS

- 2.3.1. The supplier shall supply products in accordance with technical specification provided by the buyer. Unless otherwise specified products have to conform with the latest editions of BP, USP, PH.Eur, BPC, IP and their addenda.
- 2.3.2. Successful bidders shall provide the buyer at the time of delivery of the awarded products with:-
 - Certificate of origin for each item issued by the Chamber of Commerce of the country of origin.
 - Certificate of analysis for each batch issued by the manufacturer. This certificate shall never bind the purchaser as to its contents and every item supplied may be subject to further analysis by the purchaser.

- 2 3 3 The purchaser shall reject any product that has been declared as not fulfilling the require standard and the bidder shall replace such product free of any cost of refund all expenses incurred.
- 2 3 4 After arrival of goods at the purchaser's country the purchaser may inspect or test the goods and where necessary reject the goods. The cost of quality testing may born by the purchaser. If the goods fail the test, the purchaser shall inform the supplier of the result in writing. The Purchaser may forward samples to mutually acceptable laboratory.

2 4 WARRANTY

- 2 4 1 The supplier warrants that the product supplied under contract are free from all defects and are in full conformity with the specification and/or sample. The purchaser shall notify the supplier in writing of any claim arising under this warranty.
- 2 4 2 In case of defects and nonconformity with specification, upon notification by the purchaser, the supplier shall replace the defective products without any cost to the purchaser. Unless otherwise provided this warranty shall remains valid for 12 months after the products have been delivered.

2 5 DELAY IN SUPPLIERS PERFORMANCE

- 2 5 1 Delivery shall be effected by the supplier in accordance with the schedule specified by the purchaser
- 2 5 2 Unexcused delay by the supplier in the performance of its delivery obligations shall render the supplier liable and to forfeiture of its performance security imposition of liquidated damages 0.5%/week.

2 6 PATENT RIGHTS

- 2 6 1 The supplier shall indeminfy against all third part claims of infringement of patent of patent or trademark rights arising from use of the goods or any part there are in the purchasers country.

2 7 PERFORMANCE SECURITY

- 2 7 1 The successful bidder shall within 30 days (thirty days) of notification of award submit unconditional performance security of 10% (ten percent) of the awarded amount which shall be returned after the total execution of the contract.
- 2 7 2 The proceeds of the performance security shall be payable to the Purchaser as compensation for any loss resulting from the supplir's failure to complete its obligations under the contract.



- 2 7 3 The performance security shall be denominated in the currency of the contract or in freely convertible currency acceptable to the purchaser, and shall be in one of the following forms
- a) An unconditional bank guarantee, issued directly by the Commercial Bank of Eritrea or by a bank located abroad but counterguaranteed by the Commercial Bank of Eritrea in the form provided in the Bidding Documents or another form acceptable to the Foreign Banks which have contracts with the commercial Bank are listed in Annex IV or
 - b) A cashier's check, certified check, or cash.
- 2 7 4 The performance security will be discharged by the Purchaser and returned to the supplier not later than three (3) months following the date of delivery to the final destination indicated in the contract.

2 8 PACKING

- 2 8 1 The supplier shall provide seafreight and airfreight worthy packing as required to prevent damages and deterioration during transit of goods to their final destination. The packing should be sufficient to withstand rough handling during transit and exposure to extreme temperatures
- 2 8 2 Packing marking and documentation within and outside the packages shall comply strictly with special requirements as shall be provided in the contract

2 9 LABELLING AND MARKING

LABELLING

- 2 9 1 Labels should appear on immediate containers and packs and should have
- Name of product
 - Strength of the dosage forms
 - Date of manufacturing
 - Expiry date
 - Batch number
 - Direction for use (if there is no insert)
 - The phrase "keep out of the reach of children"

19

2 9 2 MARKING

Each pack should have the following markings in English and in indelible paint:-

- Name of product
- Address of consignee
- Suppliers name
- Port of discharge
- Purchase order Nr.
- Package number
- Storage condition
- Gross Weight and net weight in kilograms
- The legend "Top, do not turn over, handle with care" etc.
- Other marks as required

2 1 0 INSURANCE

2.10.1 Insurance of all deliveries from port of Loading to purchaser warehouse shall be arranged and covered by the purchaser.

2 1 1 DELIVERY

2.11.1 Delivery time of every item must be clearly stated indicating the earliest possible time. Whether deliveries are to be FOB or C+F shall be decided by the buyers. The goods shall remain at the risk of the supplier until delivery has been completed.

2.11.2 Delays in delivery caused by acts or omission of the bidder may be a ground for cancellation of the contract and claims of damages by the buyer.

2.11.3 The delivery point shall be the port of Massawa or Asmara Airport

2.11.4 Immediately on shipment of goods, the supplier will advise the purchaser by telex, fax or cable of the following details

- a. Name of carrier and port of departure
- b. Purchase order Nr.
- c. Bill of Lading number
- d. INV number and details
- e. Expected date of arrival at port of discharge

2.11.5 The supplier will send of copies of documents as will be indicated in the purchase order.

2.12 FREIGHT

Mode of transport and whether it is to be FOB or C+F shall be decided by buyer but cost of transshipment will be covered by the supplier

2.13 APPLICABLE LAW

This contract, all amendments, alternation or supplements, shall be governed by the legal relations between the parties hereto determined in accordance with laws of the State of Eritrea.

2.14 CONTRACT AMENDMENT

No variation in or modification of the terms and conditions of the contract shall be made except by written amendments signed by the parties.

2.15 ASSIGNMENT

The supplier shall not assign, in whole or in part, its obligations to perform under the contract, to a third party except with the Purchasers written consent.

2.16 TERMS OF PAYMENT

Payments terms may have an influence in awards and should be clearly indicated. Payment in order of preference shall be:-

- Direct acceptance (DA) with days specified.
- Cash against document
- Letter of Credits

2.17 EXPIRY DATE

Fresh batches with a minimum of 5/6 of its shelflife at the time of shipment should be supplied.

81

2.18 TERMINATION FOR DEFAULT

If the suppliers fail to perform any of its obligation under the contract, the purchaser may terminate the contract in whole or in partial and may procure the product undelivered. The supplier shall pay any excess cost.

2.19 FORCE MAJEURE

2.19.1 No party shall be responsible for not performing its obligation if it know to be due to force majeure.

2.19.2 For purposes of this contract force major means any war, revolution civil commotion, strikes, fire, flood, epidemics, quarantine restriction, freight embargo and acts of Government in its sovereign capacity.

2.19.3 The party which unable to performs its obligations shall within 15 days of the occurrence of the forcemajeur inform the other party with documentary evidence.

2.20 RESOLUTION OF DISPUTE

2.20.1 Any dispute, controversy or claims arising out or relating to the contract, shall be settled through bonafida negotiations between the parties her to.

2.20.2 In case negotiation fails to result in settlement within three months the parties shall the matter by arbitration.

2.20.3 The number of arbitrators shall be three and the place of tribulation shall be Asmara, Eritrea

2.20.4 The language used in arbiteral proceedings shall be English.

2.21 CONSIDERATIONS OF BID

No bid shall be considered unless the bidder clearly states in his offer that he has accepted and agreed to be bound by the instructions and general conditions.

RB

TECHNICAL SPECIFICATIONS

PRODUCT SPECIFICATIONS

S/N	DESCRIPTION	UNIT	QUANTITY	REMARKS
ANALGESICS ANTIPYRETICS AND NON STEROIDAL				
ANTI - INFLAMMATORY DRUG				
1	Acetyl Salicylic Acid 100mg - Blister pack	10x10	40,000	
2	Acetyl Salicylic Acid 300mg tab blister pack	100x10	7,500	
3	Acetyl Salicylic Acid 500mg tab blister pack	100x10	5,000	
4	Ibuprofen 200mg tab in blister	10x10	15,000	
5	Ibuprofen 200mg tab	1000's	1,000	
6	Indomethacin 25mg tab - in blisters	10X10	15,000	
7	Indometacin 25mg tab	1000's	1,000	
8	Indomethacin Suppositories 100mg	10's	25,000	
9	Paracetamol tab 500mg in blister	10x10	50,000	
10	Paracetamol tab 500mg	1000's	5,000	
11	Paracetamol syrup 125mg/5ml	100ml	100,000	
ANTI ALLERGICS & DRUGS USED IN ANAPHYLAXIS				
12	Ephinephrin HCl inj 1:000	1000's	500	
13	Promethazin HCl 10mg tab	100's	5,000	
14	Promethazin HCl inj 25mg/ml-2ml	100's	500	
15	Promethazin HCl syrup 5mg/5ml	100ml	30,000	
ANTIHELMINTICS				
16	Albendazole 400mg tab - Chewable	100's	2,000	
17	Mebendazole 100mg tab in blisters	10x10	2,000	
18	Mebendazole susp 100mg/5ml	30ml	25,000	
19	Niclosamide tab - 500mg	25x4	2,000	
20	Praziquantel tab 600mg	100's	500	

83

S/N	DESCRIPTION	UNIT	QUANTITY	REMARKS
ANTIBACTERIALS				
21	Amoxicillin (as trihydrate) caps 250mg	1000's	5,000	
22	Amoxicillin (as trihydrate) caps 250 mg in blister	50x10	4,000	
23	Amoxicillin (as trihydrate) caps - 500mg in blister	50x10	6,000	
24	Amoxicillin (as trihydrate) 125mg/5ml dry powder	100ml	200,000	
25	Ampicillin dry pwd inj - 500mg	100's	1,000	
26	Benzyl Pencillin - 1mega	100's	5,000	
27	Cloxacillin dry powder for inj 500mg	10's	2,500	
28	Fluclosacillin caps 250mg	500's	500	
29	Phenoxy Methyl Pencillin tab 250mg	1000's	1,000	
30	Phenoxy Methyl Pencillin suspension	100ml	15,000	
31	Procain Benzyl Pen 4 mega	50's	10,000	
32	Chloramphonicol succinate 1gm inj vial	50's	200	
33	Doxycycline 100mg cap blister pk	10x10	3,000	
34	Erythromycin Stearate tab 250mg in strip pk	10x10	5,000	
35	Erythromycin Stearate 125mg/5ml	100ml	10,000	
36	Gentamycin Sulphate 1mg 40mg?ml 2ml	100's	1,500	
37	Tetracycline caps 250mg in blister	10x10	50,000	
38	Tetracycline caps 250mg	1000's	5,000	
39	Co-trimexazol 480mg tab in blister	100x10	2,500	
40	Co-trimexazol 240mg/5ml suspension	100ml	100,000	
41	Rifampicin 300mg caps	100's	10,000	
42	Streptomycin Sulphate inj 1gm, vial	100's	2,000	
ANTIFUNGAL DRUGS				
43	Clotrimazol Vaginal tab 100mg	6's	15,000	
44	Griseofulvin 500mg tab	100's	1,000	
ANTIPROTOZOAL DRUGS				
45	Metronidazol 250mg tab	1000's	2,500	
46	Metronidazol benzoyl metrol 200mg/5ml syrup	100ml	60,000	
47	Tinidazol tab 500mg	25x4	1,000	
48	Chloroquine Phosphate tab 250mg (150mg base)	1000's	10,000	
49	Chloroquine Phosphate 50mg/5ml base syrup	60ml	40,000	
50	Chloroquin Phosphate 200mg/5ml inj	100's	5,000	

88

S/N	DESCRIPTION	UNIT	QUANTITY	REMARKS
51	Ferrous Sulphate 125mg/5ml syr	100ml	20,000	
52	Ferrous Sulphate 150mg + Folic acid 0.5mg	30's	15,000	
53	Ferrous Sulphate 60mg + Folic Acid 250mcg	1000's	3,000	
54	Folic Acid 5mg tab	1000's	500	
55	Hydroxocobalamin 100mcg inj	100's	2,500	
	DERMATOLOGICAL PREPARATIONS			
56	Bethamethasone Valerate Cream	15gm	10,000	
57	Bethamethasone Valerate Oint	15gm	10,000	
58	Benzylbenzoate application 25%	200mg	30,000	
59	Calamine Lotion 5%	100ml	5,000	
60	Clotrimazol 1% Cream	20gm	25,000	
61	Hydrocortison 1% Cream	15gm	10,000	
62	Hydrocortison 1% Oint	15gm	10,000	
63	Silver Sulphadiazin Cream 1%	50gm	5,000	
	DURETICS			
64	Furosemide tab 40mg-blister	10x10	2,000	
65	Furosemide inj 20mg/ml-2ml	100's	500	
	EAR PREPARATIONS			
66	Chloramphenicol Ear Drops 5%	10ml	30,000	
	GASTRO INTESTINAL DRUGS			
67	Aluminium Hydroxide tab 500mg in blister	10X10	20,000	
68	Aluminium Hydroxide susp 350mg/5ml susp	240ml	80,000	
69	Cimetidin tab 400mg in blister	10x10	5,000	
70	Ranitidin 150mg tab	10x10	2,000	
71	Hyoscine Butyl Bromide tab 10mg in blister	10x10	15,000	
72	Hyoscine Butyl Bromide tab 10mg	1000's	1,000	
73	Hyoscine Butyl Bromide inj 20mg/ml-1ml	100's	1,000	
74	Metoclopramide 10mg tab in blister	10x10	5,000	
75	Metoclopramide 20mg/2ml inj	100's	1,000	
76	Senna 7.5mg tab	1000's	500	
77	Magnesium Hydroxide 550mg/10ml	240ml	20,000	

5

S/N	DESCRIPTION	UNIT	QUANTITY	REMARKS
	ANTIDIABETIC AGENTS			
78	Glibenclamide 5mg tab	100's	15,000	
	OPHTHALMIC PREPARATIONS ANTIINFECTIVES			
79	Gentamycin eye drops	10ml	10,000	
80	Tetracycline HCl eye oint 5gm	100's	6,000	
81	Chloramphenicol eye drops 0.5%	100ml	50,000	
	ANTI INFLAMATORY			
82	Oxytetracycline HCl + Hydrocortisone Acetate Eye/Ear susp	5ml	30,000	
83	Dexamethazone eye drops 0.1%	10ml	10,000	
84	Prednisolone 0.5% eye drop 1%	10ml	5,000	
	DRUGS ACTING ON THE RESPIRATORY TRACT			
85	Aminophyllin 250mg/10ml inj	100's	500	
86	Salbutamol 4mg tab - blister pk	10x10	3,000	
87	Salbutamol Aerosol inhalatin 100mcg metered 200 doses	each	8,000	
88	Dextrometorphan Hbr 15mg/5ml	120ml	100,000	
	VITAMINS AND MINERALS			
89	Ascorbic Acid 500mg tab	1000's	4,000	
90	Pyridoxine HCl 50mg tab	1000's	500	
91	Thamine HCl 50mg tab	1000's	1,000	
92	Vit B-Complex tab in blister	10x10	30,000	
93	Vit B-Complex tab	1000's	5,000	

S/N	DESCRIPTION	UNIT	QUANTITY	REMARKS
	WATER ELECTROLYTE & ACID BASE CORRECTING			
94	Glucose inj 5% with giving set	500ml	15,000	
95	Glucose inj 5% with giving set	1000ml	60,000	
96	Glucose inj 50%-20ml amp	50's	1,000	
97	Glucose 5% in Normal Saline with giving set	1000ml	50,000	
98	Sodium Lactate compaund sol. (Hartman's)	1000ml	30,000	
99	Sodium Lactate Compaund Sol. (Hartma's)	500ml	5,000	
100	Sodium Chloride 0.9% with giving set	1000ml	30,000	
101	Water for inj 5ml	100's	5,000	
102	Water for inj 10ml	100's	15,000	
	DRESSING MATERIALS			
103	Bandage gauz 7.5cm x 5mt grade	roll	120,000	
104	Bandage gauze 10cm x 5mt grade	roll	150,000	
105	Bandage gauze 12cm x 5mt grade	roll	60,000	
106	Bandage elastic 7.5cm x 5mt	roll	10,000	
107	Bandage elastic 10cm x 5mt	roll	10,000	
108	Bandage elastic Adhesive 7.5cm x 5mt	roll	2,000	
109	Bandage elastic 10cm x 5mt	roll	2,000	
110	Gauze Surgical 90cmx100mt	roll	10,000	
111	Parafin Gauze 10cm x 10cm x 12pcs	pk	20,000	
112	Zinc Oxide adhesive plaster 5cm x 5mt	roll	5,000	
113	Zinc Oxide adhesive plaster 7.5cm x 5mt	roll	24,000	
114	Zinc Oxide adhesive plaster 10cm x 5mt	roll	6,000	
115	Americal Plaster 19x12.5cm	pk	20,000	
	DISINFECTANTS & ANTISEPTICS			
116	Soap + Creasol Sol ution or equivalent	1 lit	5,000	
117	Soap + Creasol Solution or equivalent	5 lit	1,000	

18

PACKING

1. General

- 1.1 All packing should be suitable for road, air and sea transportation to ensure safe arrival of the goods and should have all necessary markings to ensure safe handling. Packing standards and labeling should be in accordance with WHO GMP standards.
- 1.2 Whenever plastics are used as packing material for I.V.I fluids, ophthalmic, Ear and Nasal preparations:-
 - 1.2.1 Type of plastics used should be clearly indicated in the offer and standard certificates relating to their properties.
 - 1.2.2 Certificate of quality control for sterility. Pyrogenicity, acute toxicity and physico-chemical tests.
 - 1.2.3 Method of analysis for the same should be accompanied with the samples if different method of analysis is used than indicated in USP or BP should be submitted along with the offer.
- 1.3 Wherever consumer products safety commission calls/requires, child resistance container (special packing) should be presented.
- 1.4 For light sensitive products the labels on the light resistance container should bear "protect from light"
- 1.5 Packing should be suitable to resist heat & humidity at the port of embarkation. For sea freight the humidity and temperature data for Massawa port:-

Humidity upto 15 - 100%
Temperature upto 40° C

PACKING CONDITIONS

All containers should be of Pharmaceutical grade. The following are some of the packing conditions to be fulfilled during the despatch of Pharmaceuticals.

2.1 Drops

- 2.1.1 Eye, Ear, Nose drops:- In amber colored - glass or plastic bottles with droppers and packed in rigid boxes.
- 2.1.2 Droppers - All Ophthalmic, Ear and Nasal liquid preparations should be accompanied by calibrated medical grade droppers
- 2.1.3 All individual packs should have eye ear and nose markings on the outer packs respectively

- 2.2 Eye Ointments:- In leak proof collapsible aluminium or plastic tubes, packed in rigid boxes.
- 2.3 Infusions:- Unless they have to be in glass containers as a necessarily, all infusions should be supplied in PVC polypropylene, clear flex, etc. bags with giving sets, but packed in strong cartons. The cartons should be wrapped with polyethylene sheet before being placed on pallets. No need of wrapping if supplied in containers. Certificates should be submitted for the quoted I.V. containers stating that such products are of acceptable quality to be lawfully marketed in the country of origin (if not state reasons). The concentration of electrolytes shall be stated on the label in milliequivalents(meg) The label of the products shall indicate also the quantity of ingredients interms of weight or percentage concentration.
- 2.4 Ampoules and vials:- In rigid paper - board boxes, strong enough to resist crushing during transportation.
- 2.5 Topical preparations: Content with less than 50gm in leak-proof collapsible metallic or plastic tubes, for volumes above 50gm in aluminium tins or plastic jars with close fitting caps or slip-on lids.
- 2.6 Suppositories: Wrapped in aluminium or plastic foil, packed in boxes of rigid paper board each containing the specified quantity.
- 2.7 Elixir, Oral suspensions & Syrup
Plifer-proof can, amber coloured glass or non-transparent plastic bottles, with measuring spoon wherever applicable, packed in a well-padded strong cartons. Bottles of powder for oral suspensions should have a clear marking to show the required volume.
- 2.8 Tablets, Capsules, Dragees:
In aluminium, glass, tin or hard plastic bottles, blister-pack laminated aluminium strips, packed in a well-closed and light-resistant container.

BIDDING AND CONTRACT FORMS & ATTACHMENTS

6/11/11 10:11:11 AM

BID FORM

Gentlemen:

Date: _____
ICB Nr. _____

Having examined the Bidding Documents, the receipt of which is hereby duly acknowledged, we, the undersigned, offer the supply and deliver the item specified in and in conformity with the said Bidding Documents for the sum of _____ (Total Bid Amount in words and Figures) being total price of _____ (Number of Items) items or such other sums as may be ascertained in accordance with the schedule of Prices attached herewith and made part of this bid.

We undertake, if our bid is accepted, to commence delivery within _____ days stipulated in purchase order and to complete delivery of all the items specified in the contract within _____ days calculated from the date of receipt of your Notification of Award and /or receipt of Purchase order/LC

If our bid is accepted, we will obtain an unconditional guarantee in accordance clause 2.7 in the sum of ten percent of the contract price for the due performance of the contract.

We agree to abide by this bid for a period of _____ days from the date fixed for bid opening under clause 1.19 of the Instructions to Bidders, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Until a formal contract is prepared and executed, this bid, together with your written acceptance thereof and your notification of award, shall constitute a binding contract between us.

We understand that you are not bound to accept the lowest or any bid you may receive.

Dated this _____ day of _____, 19 _____.

Signature

(In the capacity of)

Authorized to sign bid for and on behalf of _____

BEST AVAILABLE COPY



PRICE SCHEDULE FOR ITEMS TO BE QUOTED
AGAINST ICB Nr. PM/C/95

NAME OF BIDDER _____
ADDRESS OF BIDDER _____

DATE: _____
CURRENCY OF BID _____
PAYMENT TERMS _____

SNr	DESCRIPTION (Product, Strength, Dosage form & Pharmacopeal Standard)	Unit	Quantity	PRICE						Origin	Manufacturer	Delivery
				U/Price FOB	Total FOB	U/Price C+F SEA	T/Price C+F SEA	U/Price C+F AIR	T/Price C+F AIR			

SIGNATUR OF BIDDER _____
DATE _____

ab

LETTER OF AUTHORITY FROM MANUFACTURERS

(Name of Manufacturer)

TO Whom it May Concern:

We _____ (Name of Manufacturer), a manufacturer duly organized under the laws of _____ (Name of Country) and having its principal place of business at _____ (Address of Manufacturer), hereby make, constitute and appoint _____ (Name of Agent), a company duly organized under the laws of _____ (Name of Eligible Source Country) and having its principal place of business at _____ (Address of Trading Company), to be our true and lawful attorney in fact to do the following:

- (1) To represent and bind us in the Purchaser's country for the Purchaser's invitation for Bids (ICB) Nr. _____ of supply of the Goods proposed in the bid which we manufacture or produce.
- (2) That, as a manufacturer, we bind ourselves as co-maker of the bid and are jointly and severally responsible for the compliance of the said bid.
- (3) That we hereby give and grant to the said _____ (Name of Agent) full power and authority to do and perform all and every act and thing whatsoever, requisite, necessary and proper to be done in the premises, as fully, to all intents and purposes as we might or could do, with full power of substitution and renovation, hereby ratifying and confirming all that _____ (Name of Agent) or its duly authorized representative shall lawfully do, or cause to be done by virtue herefor.

IN TESTIMONY WHEREOF WE HAVE HERETO SIGNED THIS DOCUMENT ON _____, 19 _____.

Accepted on _____, 19 _____.

NAME OF TRADING COMPANY

(Name of duly authorized representative to sign, rank or position)

NAME OR ISSUING MANUFACTURER

(Name of duly authorized representative to sign, rank or position and department)

45

BID SECURITY FORM

Whereas _____ (hereinafter called "the Bidder") has submitted its bid dated _____ for the supply of _____ (hereinafter called "the Bid") _____

KNOW ALL MEN by these presents that WE _____ of _____ having our registered office at _____ (hereinafter called "the Bank") are bound unto _____ (hereinafter called "the Purchaser") in the sum of _____ for which payment well and truly to be made to the said purchaser, the Bank binds itself, its successors and assigns by these presents. Sealed with the Common Seal of the said Bank this _____ day of _____, 19_____.

THE CONDITIONS of this obligation are:

1. If the Bidder withdraws its Bid during the period of bid validity specified by the Bidder on the Bid Form; or
2. If the Bidder, having been notified of the acceptance of its bid by the Purchaser during the period of bid validity:
 - (a) fails or refuses to execute the Contract Form, if required; or
 - (b) fails or refuses to furnish the Performance Security, in accordance with the Instructions to Bidders;

We undertake to pay to the Purchaser up to the above amount upon receipt of its first written demand, without the Purchaser having to substantiate its demand, provided that, in its demand, the Purchaser will note that the amount claimed by it is due to it owing to the occurrence of one or both of the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force upto and including thirty (30) days after the period of bid validity, and any demand in respect thereof should reach the Bank not later than the above date.

(Signature of the Bank)

IMPORTANT

If the guarantee is issued by a foreign bank it must be counterguaranteed by :

The Commercial Bank of Eritrea
Liberty Avenue Asmara
P.O.Box 219
Tlx 5831445557
Fax. 291-1-121849
Tel 291-1- 121844

ST

Use of the WHO Certification Scheme on the Quality of
Pharmaceutical Products Moving in International Commerce

**CERTIFICATE OF PHARMACEUTICAL PRODUCT(S)¹
(Proposed Layout)**

Name and dosage form of product:

Name and amount of each active ingredient:²

.....

Manufacturer, and/or when applicable, the person responsible for placing the product on the market:

Address(es):

It is certified that:

- This product has been authorized to be placed on the market for use in this country.
Number of permit and date of issue (if applicable):.....
- The enclosed documents constitute the complete text of all labelling and prescribing information which is authorized for use in this country.
- This product has not been authorized to be placed on the market for use in this country for the following reasons:.....

It is also certified that (a) the manufacturing plant in which the product is produced is subject to inspections at suitable intervals and (b) the manufacturer conforms to requirements for good practices in the manufacture and quality control, as recommended by the World Health Organization, in respect of products to be sold or distributed within the country of origin or be exported. (See Explanatory Notes.)

.....
(Signature of designated authority)

.....
(Place and date)

2

Explanatory Notes

Certificate of Pharmaceutical Product(s)

This certificate is intended to define the status of the pharmaceutical product and its manufacturer in the exporting country. It is issued by the competent authority in the exporting country in accordance with the requirements of the competent authority of the importing country. It may be required by the importing country at the time of the first importation and subsequently if confirmation or updating is required.

The requirements for good practices in the manufacture and quality control of drugs mentioned in the certificate refer to the text adopted by the Twenty-eighth World Health Assembly in its resolution WHA28.65 (see *Official Records* No.226, 1975, Annex 12, Part 1).

¹ The certificate is intended to be product specific. The approved information for different dosage forms of the same active substance frequently differs in fundamental aspects. Confusion will inevitably arise if information relating to different products, or even different usage forms, is attached to the same certificate.

² Use, whenever possible, international nonproprietary names (INNs) or national nonproprietary names.

Batch certificates

Certification of individual batches of a pharmaceutical product or substance is only undertaken exceptionally by the competent authorities of Member States. Even then, it is rarely applied other than to vaccines and other biologicals. If certificates of individual batches of products covered by a Certificate of a Pharmaceutical Product is required, such certificates could be issued either by the manufacturer or by the competent authority of the exporting Member State, according to the nature of the product and the requirements of the exporting Member State or of the importing Member State. The batch certificate would indicate the name and dosage form of the product, the batch number, the expiry date and storage conditions, a reference to the Certificate of a Pharmaceutical Product and a statement that the batch conforms either to the requirements of the competent authority for sale or distribution within the exporting Member State (with reference to the authorization) or, where appropriate, to published specifications or to established specifications to be provided by the manufacturer. The certificate could also include data on packaging, labelling, nature of the container, the date of manufacture, results of analysis, stability data and other information such as an approved technical summary of the data regarding safety and efficacy on which the domestic marketing authorization is based.

QUALIFICATION FORM
CAPACITY AND QUALITY CERTIFICATION FROM RELEVANT COUNTRY AUTHORITY

Date:

1. Name of the Firm:

Address:

Telephone:

Telex:

Telefax:

Cable:

2. Name of Principals or Owner(s):

Address:

Telephone:

Telex:

Telefax:

Cable:

3. _____ (Name of firm)

is properly registered to supply pharmaceuticals or vaccines in _____
(Name of Country), is in good legal and statutory standing with the responsible health authorities in that country, and is licensed as a primary
manufacturer of the range of pharmaceuticals or vaccines to be offered. (The list of items to be offered is attached.)

4. The production capacities for _____ (Name of Firm)
follow:

The Prequalified Installed Capacity for this firm is as follows:

	<u>Annual Capacity Non-Sterile</u>	<u>Annual Capacity Sterile</u>
Dry	Tablets	Vials
	Capsules	Bottles
	Sachets	

Wet: Internal

(Liquids,
and
Colloids)

Syrups
Suppositories
Aerosols

Ampoules
I.V. Fluids

External

Liquids
Creams
Ointments

Drops/Ointments

5. _____ (Name of Firm) retains full records of production batches and quality control test results, and will exhibit these on request.

6. _____ (Name of Firm) has at least five years experience in the manufacturing of specific dosage forms it will bid on, and has two years or more experience in producing any product covered by this Invitation for Bids.

7. We hereby certify that the above information is true and accurate to the best of our knowledge. We understand that the provision of information that is later found to be false is sufficient justification for disqualification.

Signature _____ Date: _____

Full Name (Printed): _____

Position of Officer _____

99

DOCUMENTATION TO ACCOMPANY THIS QUALIFICATIONS FORM

Certified copy of current licence in country of legal domicile as a primary manufacture of pharmaceuticals or vaccines.

Certified copy of licence in country of manufacturer as a primary manufacturer of the range of pharmaceuticals or vaccines to be offered.

Duly authorized letter of authority for the contract period from the manufacturer authorizing the agent to bid for and on behalf of the manufacturer, if applicable.

A certified statement of satisfactory inspection of Good Manufacturing Practices for the last 5 years.

A list of major supply contracts completed within the last five years.

109

LIST OF CORRESPONDENT BANK OF THE COMMERCIAL BANK OF ERITREA

<u>NAME</u>	<u>ADDRESS</u>	<u>A/C</u>	<u>CURRENCY</u>	<u>FAX No.</u>
Banca Nazionale de Laboro-Rome, Italy	Bissolati Br 119 Via Vittoria 00187, Rome Italy	865136 261432	USD Lit	39-6-47032508 39-6-63878955
Credito Italiano	P.O.Box 1242 1-20102 Milan	995/88502-00 995/167460	Lit USD	39-2-88623524 39-2-88623558
Banque Francaise du Comm.Exterieur Paris	21 BLD Haussmann 75009 Paris	060000.1000	FRF	07-331-4800-3722
Citibank N.A. London	P.O.Box 200 SE1 2Qt	99005514711	USD	081-318-9360 081-31-9419
Citibank N.A Milan	1-20121 P.O.Box 10932 Milan	4/112923/018	Lit	02/8647 407
Citibank N.A New York	111 Wall Street New York NY 10043	36079013	USD	001-212-657-3361
Commerzbank AG Frankfurt	P.O.Box 100505 60265 Frankfurt	400 87000 6400 400 87000 64	USD DM	(069) 285389
DG Bank Frankfurt	D-60265 Frankfurt	3076003899 1110003899	USD DM	49-69-7447 2903
ING Bank Amsterdam	1102 MG Amsterdam	59506202 56240105	NLG USD	31-20-563 5819

<u>NAME</u>	<u>ADDRESS</u>	<u>A/C</u>	<u>CURRENCY</u>	<u>FAX No.</u>
ING Bank Tokyo	-	956270105	J.Yen	03-32145808
Midland Bank Plc London	P.O.Box 181 London EX2P 2BX	35834713 35834705	GBP USD	44 712605713/4
Suadi American Bank Riyadh	P.O.Box 833 Riyadh	0003742253 0003770966	SAR USD	37 (1) 4774770
Svenska Handelsbanken Stockholm	S-10670 Stockholm	9940997669	SEK	46/8-701-1613 46/8-701-1452
Swiss Bank Corp. Zurich	P.O.Box Ch-8010	PO 123-034.0	CHF	01/239-44-06
Credit Lyonnaise (Swiss)	S.A. P.O.Box 442	00 14575-5-002-001	USD	022/705/6240 022/321/4331
Handelsbanken	P.O.Box 1342UKA	8396.02.03073	NOK	4722411524
Bank Brussels Lambert	Marnixlaan 24 24 Avenue Marnis B-1050 Brussels	301-017959-28	BEF	32.2.547 2457
Den Danske Bank	International Division 2-12 Holmens Kanal DK-1092 Copenhagen K	3996050777	DKK	45-33445756
Commenwealth Bank	Banking Service, Institution Banking GPO Box 2719	A/C 123 123 124	AUD	(02) 261 5390

122



BRANCH

P. O. Box 219
TEL. 121844
CABLE ERITBANK
FAX 291-1-121849

LIST OF CORRESPONDENT ACCOUNT RELATIONSHIPS

ASMARA ERITREA

CURRENCY
USD

N A M E

SWIFT - CODE
CITIUS 33

- CITIBANK N.A
NEW YORK
- CITIBANK N.A
LONDON
- MIDLAND BANK PLC
LONDON
- DG - BANK
FRANKFURT
- COMMERZBANK AG
FRANKFURT
- BANCA NAZIONALE DEL LAVORO SPA
ROMA
- CREDITO ITALIANO SPA
MILAN
- ING - BANK
AMSTERDAM
- CREDIT LYONNAIS(SUISSE) SA
GENEVA
- SAUDI AMERICAN BANK
RIYADH
- COMMONWEALTH BANK OF AUSTRALIA SYDNEY

- CITIGB 2L
- MIDLGB22
- DGBKDEFF
- COBADEFF
- BNLIITRR
- CRITITMM
- INGBNL2A
- CRLYCHGG
- SAMBSARI

ITL

- BANCA NAZIONALE DEL LAVORO SPA
ROME
- CREDITO ITALIANO SPA
MILAN
- CITIBANK N.A.
MILAN

- CTBAAU2S
- BNLIITRR
- CRITITMM
- CITIITMX

DEM

- DG - BANK
FRANKFURT
- COMMERZBANK AG
FRANKFURT

- DGBKDEFF
- COBADEFF

GBP

- MIDLAND BANK PLC
LONDON

MIDLGB22

NLG

- ING - BANK
AMSTERDAM

INGBNL2A

CHF

- SWISS BANK CORP.
ZURICH

SBCOCHZZ

SEK

- SVENSKA HANDELSBANKEN
STOCKHOLM

HANDSESS

FRF

- BANQUE FRANCAISE DU COMMERCE EXTERIEUR
PARIS

BFCEFRPP

SAR

- SAUDI AMERICAN BANK
RIYADH

SAMBSARI

JPY

- ING-BANK
AMSTERDAM

INGBNL2A

NOK

- HANDELSBANKEN A.S.,
OSLO

HANDNOKK

BEF

- BANQUE BRUXELLES LAMBERT
BRUXELLES

BBRUBEBB

DKK

- DEN DANSKE BANK
COPENHAGEN

DABADKKK

PHARMECOR ERITREA

Annex I(c)

JAN. 10, 1996

WELCOME TO PUBLIC BID OPENING OF ICB Nr. PM/C/95

Dear Representatives

Thank you for attending this public BID opening and for your active participation in this competitive Bid.

May we kindly request you to sign on the register provided to evidence your attendance.

Bid opening will commence on Jan. 10, 1996 at 15hrs and will continue until all bids are opened. Questions from the floor may be answered after all bids are opened.

The Bid opening panel consists of the following staff members .

Chairman Ato Misghinna Tekleab

Secretary Ato Fessehatsion Markos

Team

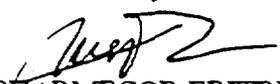
1. Ato Andemicael Abraha
2. Ato Isaac Tekleab
3. Ato Yemane Z/Mariam
4. Ato Mekonnen Melke
5. Ato Yosief Tesfazghi
6. Ato Andemicael Fessehaye
7. Ato Amanuel Habteab
8. Ato Yonnas Haile

Panel of Observer.

1. Representative of the Ministry of Health
2. Representative of the Ministry of Foreign Affairs
3. Representative of Commerce and Industry
4. Representative of Pharmecor Eritrea

We wish you a pleasant stay here at PHARMECOR ERITREA

Your faithfully


PHARMECOR ERITREA

Enc. Procedure



104

PROCEEDINGS

Leaflets expressing welcome, bid opening procedures and names of persons who actually conducted the bid opening process were distributed to the participants invited guests and bidders representatives.

The chairman. Ato Misghinna Tekleab then gave a welcome speech to the participants, the expressing and emphasising PHARMECOR'S commitment to conduct fair and transparent bidding process. He further briefed the participant on the content and value of the bid.

After the chairman's speech the tender box was opened and all parcels were placed on table visible to all. The parcels were then inspected by the invited government officials and bidders representatives who came from Kenya, Egypt and one from Asmara. Having confirmed that sealing was as prescribed in the bidding document and no opened bids were present, all bids were opened in accordance with the procedure as indicated on the attached.

After the chairman read out the Bidder name, number of items offered, total Bid amount and the presence or absence of bid, the price schedule of every bid were signed by the panel observers and then recorded.

Result-

Attached

Closing :-

The bid opening process closed at 17:30 hrs

105

**PUBLIC BID OPENING OF
INTERNATIONAL COMPETITIVE BID Nr. PM/C/95
Jan. 10, 1996 15:00 hrs**

TEAM AND PANEL MEMBERS

1. Team I

1. Andemicael Abraha
2. Amanuel Habteab
3. Yonnas Haile

- Opens all bids
- Arranges Contents of Bid
- Enters bidders name and code on summary sheet

2. Team II

1. Mokonnen Melke
2. Yemane Z/mariam

- Checks all bids for completeness
- Enters total bid amount on Summary sheets
- Enters total bid security am on summary sheet
- Enters number of items quoted for

3. Chairman

Ato Misghinna Tekleab

Reads

- Bidders Name
- Nr. of items quoted for
- presence or absence of bid security
- Total bid amount

4. Panel of observers

1. Representative of the Ministry of Health
2. Representative of the Ministry of Commerce & Industry
3. Representative of Foreign Affairs
4. Representative of PHARMECOR - ERITREA

Shall sign on all price schedules

5. Team III

1. Isaac Tekleab
2. Yosief Tesfazghi
3. Andemicael Fessehaye

- Receives Opened & signed bids
- Records bids on Registrar
- Arranges Opened bid

**RECORDS OF PUBLIC BID OPENING OF ICB Nr. PM/C/95
JAN. 10, 1996 - 15hrs**

I. INTRODUCTION

Public bid opening ceremony of the international competitive Bid Nr. PM/C/95 calling all interested bidders to submit their quotation for the supply of Pharmaceutical, dressing and disinfectants was conducted at PHARMECOR-Eritrea premises in room Nr.12. The process commenced at 15hrs and closed at 17:30hrs.

The occasion was high lighted by the presence of three invited government guests representatives of 43 bidders, management and staff members of PHARMECOR Eritrea.

This bid worth approximately Birr 30million was floated on Nov. 15, 1995 and closed on Jan. 10, 1996 12hrs

II. ATTENDANCE

The following persons were present at the Bid opening ceremony

- A. Ato Misghinna Tekleab Chairman
- B. Ato Fessehatsion Markos Secretary

C. Panel of observers

- 1. Ato Asemehey Yebio Representative of the Ministry of Health
- 2. Ato Negassi Kassa Representative of the Ministry of Foreign Affairs
- 3. Ato Tsehaye Iyasu Representative of the Ministry of Commerce & Industry
- 4. W/ro Almaz Alem Representative of PHARMECOR Eritrea

D. Team Members

- 1. Ato Andemicael Abraha Marketing Manager
- 2. Ato Yemane Z/mariam Sales Manager
- 3. Ato Isaac Tekleab Project Manager
- 4. Ato Amanuel Habteab from Procurement Dept.
- 5. Ato Yosief Tesfazgi " " "
- 6. Ato Andemicael Fessehaye " " "
- 7. Ato Mokonnen Melke Chief Store Keeper
- 8. Ato Yonnas Haile from Marketing Dept.

- E. Representatives of 43 Bidders

PHARMECOR ERITREA

ICB Nr. PM/C/95

PUBLIC BID OPENING 10/01/96

REGISTER OF PARTICIPANTS

S/N	NAME OF BIDDER	COUNTRY	REPRESENTATIVE
1.	Cosmos Ltd	Kenya	S.Faruqui
2.	Marchopharma Laboratories	Denmark	Horn Service
3.	Balpharma Ltd	India	Hassan Co.
4.	Amriya Pharmaceutical Ind.	Egypt	" "
5.	C.I.D.	Egypt	" "
6.	National Co. For Pharm & Ch.	Egypt	" "
7.	Sussex	U.K.	Gonafir & Sons
8.	Smithkline Beecham	U.K.	" "
9.	Dumex	Denmark	T.A.Kanzen
10.	Unique	India	"
11.	T A T A Pharma	India	"
12.	SalvaPlast	Israel	"
13.	Ho Yan Hor	Malaysia	"
14.	Bruschettini Srl.	Italy	Tzighereda Cosmotic Ind.
15.	Laboratoire Renaudin	France	M.B. Int. Interprises
16.	Coventry Chemicals	U.K.	Decalm Chemicals
17.	Asmi Industry	Ethiopia	" "
18.	Lepetit	Italy	" "
19.	Pfizer	Kenya	A.G.E.C.A
20.	Glaxo	U.K.	"
21.	Otsuka	Japan	"
22.	Biochemie	Austria	"
23.	Lomapharm	Germany	"
24.	MISR Co.	Egypt	Ahmed Awad (BM Dev. Corp.)
25.	Savan	U.K.	Sighem Int.
26.	Hoechst	Germany	" "
27.	Wockhardt	India	" "
28.	I.D.A	Holland	Tekie Bevene
29.	Cadila	India	Negadras International
30.	ECOBI	Italy	Yohannes
31.	Rosemont (R.P. Drug)	U.K.	Sacif Eritrea
32.	Medochemie	Cyprus	" "
33.	MedeExport	Italy	ANFE
34.	Arab Drug Co..	Egypt	GALAXY
35.	Lifepharma	Italy	"
36.	Upjohn	Belgium	"
37.	COMINT	Italy	Tekle
38.	Pinewood Lab.	Ireland	Luna Pvt.Ltd.Co.
39.	Athlone Labs	Ireland	" " " "
40.	Biorex Ltd.	U.K.	" " " "
41.	Chanelle Medical Std.	Ireland	" " " "
42.	Liberty Pharmaceuticals	U.K.	" " " "
43.	EPICO	Egypt	BM Development Corp

102

PHARMECOR - ERITREA

ICB Nr. PM/C/95 REGISTER FOR BID AND BID SECURITY

S/Nr	BIDDER	CODE #	COUNTRY	BID SECURITY			TOTAL BID		REMARKS
				BID REF	CURRENCY	BID SECURITY AMT	CURRENCY	BID AMOUNT	
	M/s, Glaxo	002	Kenya	16/AG/ER/96	USD	10,714.16	USD	549,868.36	
	M/s, Biochemie	003	Austria	DD 20/12/95	Ats	327,667.50	ATS	16,383,375.00	
	M/s, Cadila	004	India	DD 10/01/96	USD	26,140.00	USD	922,531.10	
	M/s, Bruschetti Srl	005	Italy	DD 20/12/95	Lit	790,000.00	Lit	34,000,000.00	
	M/s, Sussex Pharmaceuticals	006	U K	DAMG/Le/46 1/95		3,578.50		178,925.00	
	M/s, Heochest (Cox Pharmaceu)	007	Germany	ML/4h27/12/95	Birr	40,650.00		140,699.02	
	M/s, Medeexport	008	Italy	AF/115/96nb			USD	573,674.40	no bid security
	M/s, Medochemie	010	Cyprus	64/6/96			USD	776,775.00	
	M/s, R P Drug	014	U K	DD21/12/95		1,512.00		70,800.00	
	M/s, Arab Drug	016	Egypt	DD9/1/96	USD	19,717.50	USD	984,875.00	
	M/s, Life Pharma	017	Italy	DD20/12/95	Lit	52,848,550.00	Lit	2,474,606,000	
	M/s, Salvaplast Industires	018	Israel	Dex 1463			USD	1,069,560.00	
	M/s, Amriya Pharmaceuticals Ind	019	Egypt				USD	108,000.00	
	M/s, National Co. (Elkawmia	021	Egypt	DD25/12/95	USD	50,524.30	USD	2,515,665.00	(C+F)
	M/s, C. I. D		Egypt	DD 12/12/95	USD	20,088.20	USD	810,910.00	without code
	M/s, Balpharm Ltd,	022	India	DD 27/12/95			USD	885,090.00	No bid security
	M/s, Laboratorie Renaudin	023	France	DD 27/12/95	FRF	34,727.00	FRF	1,765,350.00	
	M/s, Smithkline Beecham	024	U.K.	Lab/Doc/Get/ Beech/97-98	USD	21,981.90	USD	1,044,140.25	
	M/s, Labatec Pharma	026	Switzerland	DD 15/12/95	USD	9,204.00	USD	460,200.00	
	M/s, Asmi Industry	027	Ethiopia	DD 4/1/96	Birr	11,130.00	Birr	521,500.00	
	M/s, Pinewood Lab.	028	Ireland		Birr	10,017.41		31,207.90	
	M/s, ECOPI	029	Italy	DD 2/1/96	Lit	12,000,000.00	Lit	581,050,000.0 0	
	M/s, Bieffe Medital	030	Switzerland	MKTG/ERT02 /BB	USD	4,340.00	USD	170,200.00	
	M/s, Lomapharm	031	Germany	DD3/1/96	DM	11,802.52	DM	546,105.00	
	M/s, Alexandria Co.,	034	Egypt	DD 23/12/95	USD	26,433.40	USD	1,117,520.00	

S/Nr	BIDDER	CODE #	COUNTRY	BID SECURITY			TOTAL BID		REMARKS
				BID REF	CURRENCY	BID SECURITY AMT.	CURRENCY	BID AMOUNT	
26	M/s, MISR	035	Egypt	DD 1/1/96	USD	12,024.70	USD	541,010.00	
27	M/s, Sifra	037	Italy	DD 20/12/95	Lit	12,980,700.00	Lit	824,980,000.00	
28	M/s, I. D. A.	039	Holland	Q1098287	USD	15,000.00	USD	460,995.00	
29	M/s, Laboratories Sopreli	041	Belgium	RCB404030	BEF	136,160.00	BEF	6,808,000.00	
30	M/s, M.J. Pharmaceuticals	044	India	DD 27/12/95	USD	32,162.00	USD	1,118,035.00	
31	M/s, Rivopharm	046	Switzerland	DD B/R 22/12/95	SFR	39,356.00	SFR	1,394,450.00	
32	M/s, Allergan Spa	048	Italy	DD 20/12/95	USD	7,202.00	USD	329,600.00	
33	M/s, LYKA Laboratories	049	India	DD 1/01/96	USD	16,134.00	USD	780,750.00	
34	M/s, Upjohn	050	Belgium(USA)	Eritrea 4038-4			USD	43,550.00	no need for bid bond
35	M/s, Phardadgug GmbH	052	Germany	Ph/Kr 22/12/95	DM	98,155.87	DM	4,907,793.56	
36	M/s, Pfizer Lab. Ltd,	054	Kenya	DD 11/12/95	USD	1,930.00	USD	57,600.00	
37	Ms., Otsuka	056	Japan(Egypt)	DD 4/1/96	USD	11,640.00	USD	255,920.00	
38	M/s, Comint	057	Italy	SF033 OFF	Lit	41,830,870.00	Lit	1,688,131,500	
39	M/s, Unique	060	India						
40	M/s, TATA Pharm.	061	India	YVD/AK/123/95	USD	6,000.00	USD	211,420.00	
41	M/s, Ho Yan Hor	062	Malaysia	KP/004/96			USD	872,030.00	No bid bond
42	M/s, Shangai Medicin & Health P	065	China	Pharmid 1/GE8 048/95			USD		No bid security
43	M/s, Tiangin Medicine & Health	067	China	DD 5/1/96	Birr	50,000.00	USD	364,050.00	
44	M/s, Bristol Myers	068	France	AH/MB Nr. 3192	USD	10,000.00	USD	454,100.00	
45	M/s, Medisca	073	Italy	DD 20/12/95	USD	10,600.00	USD	529,975.00	
46	M/s, Macropharma Lab.	076	Denmark	DD 18/12/95	DKK	48,130.00	DKK	2,406,500.00	C+F value
47	M/s, MAX India Ltd,	081	India	DD 27/12/95	USD	27,300.00	USD	1,320,230.00	C+F (FOB USD 1,010,515.00)
48	M/s, Gruppo Lepetit (Marion Merrel	082	Italy	DD 2/1/1996	USD	2,748.66	USD	133,416.50	
49	M/s, Hans E Lambeck	084	Germany	HEL/CP			USD	678,090.00	CIF
50	M/s, Wockhardt International	090	India	SG/L002/96	USD	3,043.00	USD	109,200.00	

S/Nr	BIDDER	CODE #	COUNTRY	BID SECURITY			TOTAL BID		REMARKS
				BID REF	CURRENCY	BID SECURITY AMT.	CURRENCY	BID AMOUNT	
51	M/s., Dumex	092	Denmark				DKK	13,920,460.00	No bid security
52	M/s., Cosmos Ltd ,	094	Kenya				USD	967,810.00	Late bid security
53	M/s., EPICO	095	Egypt				USD	1,636,000.00	No bid security
54	M/s., Kothari International	097	India	DD 8/1/96			USD	49,950.00	No need bid bond
55	M/s., Medopharm	098	India	DD 29/12/95			USD	616,530.50	No bid security
56	M/s., Athlone Labs	099	Ireland	DD 9/1/96	Birr	45,646.86		202,100.00	
57	M/s., Biorex Ltd.l	100	U.K.	DD 9/1/96	Birr	1,455.64		6,300.00	
58	M/s., Chanelle Medical Ltd.,	101	Ireland	DD 9/1/96	Birr	32,801.00		136,655.00	
59	M/s., Liberty Pharmaceuticals	102	U k.	DD 9/1/96	Birr	21,533		98,899.64	
60	M/s., Tamilnadu Dadha Pharma	103	India	SD 1539/96			USD	181,020.00	no bid security
61	M/s., Coventry Chemicals	105	U K.	DD 4th May 93				13,800.00	C+F value (no need for bidbond)
62	M/s., Savan	106	U.K.	DD 31/12/95	USD	2,992.00	USD	149,600.00	
63	M/s., Sweco		China/Taiwan	03/01/95	USD	10,000	USD	500,000	
64	M/s., Sweco		Denmark	03/01/95	DKK	4,550.00	DKK	201,000	
65	M/s., Sterope		Belgium	29/12/95			BFR	111,788,200	
66	M/s., Lab. Cusi		Spain	2/01/96	USD	6,083	USD	304,150	
67	M/s., Rotex Medica		Germany	04/01/96			DM	681,350.00	
68	M/s., Belnam		Belgium				BFR	1,079,250.00	

RECEIPT OF BIDS BY COUNTRY

Tender received up to 10/01/96

68

Country	No. of Bids Received
1. U.K.	7
2. Austria	1
3. India	11
4. Italy	9
5. Switzerland	3
6. Germany	5
7. Cyprus	1
8. Egypt	8
9. Israel	1
10. France	2
11. Ethiopia	1
12. Ireland	3
13. Holland	1
14. Belgium	3
15. Kenya	3
12. Japan	1
17. Spain	1
18. China	2
19. Denmark	3
20. Malaysia	1
21. Taiwan	<u>1</u>
Total	68

APPENDIX J

UNCITRAL Arbitration Rules

RESOLUTION 31/98 ADOPTED BY THE GENERAL ASSEMBLY ON 15 DECEMBER 1976

31/98. Arbitration Rules of the United Nations Commission on International Trade Law

The General Assembly,

Recognizing the value of arbitration as a method of settling disputes arising in the context of international commercial relations,

Being convinced that the establishment of rules for *ad hoc* arbitration that are acceptable in countries with different legal, social and economic systems would significantly contribute to the development of harmonious international economic relations,

Bearing in mind that the Arbitration Rules of the United Nations Commission on International Trade Law have been prepared after extensive consultation with arbitral institutions and centres of international commercial arbitration,

Noting that the Arbitration Rules were adopted by the United Nations Commission on International Trade Law at its ninth session¹ after due deliberation,

1. *Recommends* the use of the Arbitration Rules of the United Nations Commission on International Trade Law in the settlement of disputes arising in the context of international commercial relations, particularly by reference to the Arbitration Rules in commercial contracts;

2. *Requests* the Secretary-General to arrange for the widest possible distribution of the Arbitration Rules.

¹Official Records of the General Assembly, Thirty-first Session, Supplement No. 17 (A/31/17), chap. V, sect. C.

UNCITRAL ARBITRATION RULES

Section I. Introductory rules

SCOPE OF APPLICATION

Article 1

1. Where the parties to a contract have agreed in writing* that disputes in relation to that contract shall be referred to arbitration under the UNCITRAL Arbitration Rules, then such disputes shall be settled in accordance with these Rules subject to such modification as the parties may agree in writing.

2. These Rules shall govern the arbitration except that where any of these Rules is in conflict with a provision of the law applicable to the arbitration from which the parties cannot derogate, that provision shall prevail.

NOTICE, CALCULATION OF PERIODS OF TIME

Article 2

1. For the purposes of these Rules, any notice, including a notification, communication or proposal, is deemed to have been received if it is physically delivered to the addressee or if it is delivered at his habitual residence, place of business or mailing address, or, if none of these can be found after making reasonable inquiry, then at the addressee's last-known residence or place of business. Notice shall be deemed to have been received on the day it is so delivered.

2. For the purposes of calculating a period of time under these Rules, such period shall begin to run on the day following the day when a notice, notification, communication or proposal is received. If the last day of such period is an official holiday or a non-business day at the residence or place of business of the addressee, the period is extended until the first business day which follows. Official holidays or non-business days occurring during the running of the period of time are included in calculating the period.

NOTICE OF ARBITRATION

Article 3

1. The party initiating recourse to arbitration (hereinafter called the "claimant") shall give to the other party (hereinafter called the "respondent") a notice of arbitration.
2. Arbitral proceedings shall be deemed to commence on the date on which the notice of arbitration is received by the respondent.
3. The notice of arbitration shall include the following:
 - (a) A demand that the dispute be referred to arbitration;

*MODEL ARBITRATION CLAUSE

Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force.

Note - Parties may wish to consider adding:

- (a) The appointing authority shall be ... (name of institution or person);
- (b) The number of arbitrators shall be ... (one or three);
- (c) The place of arbitration shall be ... (town or country);
- (d) The language(s) to be used in the arbitral proceedings shall be ...

- (b) The names and addresses of the parties;
- (c) A reference to the arbitration clause or the separate arbitration agreement that is invoked;
- (d) A reference to the contract out of or in relation to which the dispute arises;
- (e) The general nature of the claim and an indication of the amount involved, if any;
- (f) The relief or remedy sought;
- (g) A proposal as to the number of arbitrators (i.e. one or three), if the parties have not previously agreed thereon.

4. The notice of arbitration may also include:

- (a) The proposals for the appointments of a sole arbitrator and an appointing authority referred to in article 6, paragraph 1;
- (b) The notification of the appointment of an arbitrator referred to in article 7;
- (c) The statement of claim referred to in article 18.

REPRESENTATION AND ASSISTANCE

Article 4

The parties may be represented or assisted by persons of their choice. The names and addresses of such persons must be communicated in writing to the other party; such communication must specify whether the appointment is being made for purposes of representation or assistance.

Section II. Composition of the arbitral tribunal

NUMBER OF ARBITRATORS

Article 5

If the parties have not previously agreed on the number of arbitrators (i.e. one or three), and if within fifteen days after the receipt by the respondent of the notice of arbitration the parties have not agreed that there shall be only one arbitrator, three arbitrators shall be appointed.

APPOINTMENT OF ARBITRATORS (ARTICLES 6 TO 8)

Article 6

1. If a sole arbitrator is to be appointed, either party may propose to the other:
 - (a) The names of one or more persons, one of whom would serve as the sole arbitrator; and
 - (b) If no appointing authority has been agreed upon by the parties, the name or names of one or more institutions or persons, one of whom would serve as appointing authority.
2. If within thirty days after receipt by a party of a proposal made in accordance with paragraph 1 the parties have not reached agreement on the choice of a sole arbitrator, the sole arbitrator shall be appointed by the appointing authority agreed upon by the parties. If no appointing authority has been agreed upon by the parties, or if the appointing authority agreed upon refuses to act or fails to appoint the arbitrator within sixty days of the receipt of a party's request therefor, either

party may request the Secretary-General of the Permanent Court of Arbitration at The Hague to designate an appointing authority.

3. The appointing authority shall, at the request of one of the parties, appoint the sole arbitrator as promptly as possible. In making the appointment the appointing authority shall use the following list-procedure, unless both parties agree that the list-procedure should not be used or unless the appointing authority determines in its discretion that the use of the list-procedure is not appropriate for the case:

- (a) At the request of one of the parties the appointing authority shall communicate to both parties an identical list containing at least three names;
- (b) Within fifteen days after the receipt of this list, each party may return the list to the appointing authority after having deleted the name or names to which he objects and numbered the remaining names on the list in the order of his preference;
- (c) After the expiration of the above period of time the appointing authority shall appoint the sole arbitrator from among the names approved on the lists returned to it and in accordance with the order of preference indicated by the parties;
- (d) If for any reason the appointment cannot be made according to this procedure, the appointing authority may exercise its discretion in appointing the sole arbitrator.

4. In making the appointment, the appointing authority shall have regard to such considerations as are likely to secure the appointment of an independent and impartial arbitrator and shall take into account as well the advisability of appointing an arbitrator of a nationality other than the nationalities of the parties.

Article 7

1. If three arbitrators are to be appointed, each party shall appoint one arbitrator. The two arbitrators thus appointed shall choose the third arbitrator who will act as the presiding arbitrator of the tribunal.

2. If within thirty days after the receipt of a party's notification of the appointment of an arbitrator the other party has not notified the first party of the arbitrator he has appointed:

- (a) The first party may request the appointing authority previously designated by the parties to appoint the second arbitrator; or
- (b) If no such authority has been previously designated by the parties, or if the appointing authority previously designated refuses to act or fails to appoint the arbitrator within thirty days after receipt of a party's request therefor, the first party may request the Secretary-General of the Permanent Court of Arbitration at The Hague to designate the appointing authority. The first party may then request the appointing authority so designated to appoint the second arbitrator. In either case, the appointing authority may exercise its discretion in appointing the arbitrator.

3. If within thirty days after the appointment of the second arbitrator the two arbitrators have not agreed on the choice of the presiding arbitrator, the presiding arbitrator shall be appointed by an appointing authority in the same way as a sole arbitrator would be appointed under article 6.

Article 8

1. When an appointing authority is requested to appoint an arbitrator pursuant to article 6 or article 7, the party which makes the request shall send to the appointing authority a copy of the notice of arbitration, a copy of the contract out of or in relation to which the dispute has arisen and a copy of the arbitration agreement if it is not contained in the contract. The appointing authority may require from either party such information as it deems necessary to fulfil its function.

2. Where the names of one or more persons are proposed for appointment as arbitrators, their full names, addresses and nationalities shall be indicated, together with a description of their qualifications.

CHALLENGE OF ARBITRATORS (ARTICLES 9 TO 12)

Article 9

A prospective arbitrator shall disclose to those who approach him in connexion with his possible appointment any circumstances likely to give rise to justifiable doubts as to his impartiality or independence. An arbitrator, once appointed or chosen, shall disclose such circumstances to the parties unless they have already been informed by him of these circumstances.

Article 10

1. Any arbitrator may be challenged if circumstances exist that give rise to justifiable doubts as to the arbitrator's impartiality or independence.

2. A party may challenge the arbitrator appointed by him only for reasons of which he becomes aware after the appointment has been made.

Article 11

1. A party who intends to challenge an arbitrator shall send notice of his challenge within fifteen days after the appointment of the challenged arbitrator has been notified to the challenging party or within fifteen days after the circumstances mentioned in articles 9 and 10 became known to that party.

2. The challenge shall be notified to the other party, to the arbitrator who is challenged and to the other members of the arbitral tribunal. The notification shall be in writing and shall state the reasons for the challenge.

3. When an arbitrator has been challenged by one party, the other party may agree to the challenge. The arbitrator may also, after the challenge, withdraw from his office. In neither case does this imply acceptance of the validity of the grounds for the challenge. In both cases the procedure provided in article 6 or 7 shall be used in full for the appointment of the substitute arbitrator, even if during the process of appointing the challenged arbitrator a party had failed to exercise his right to appoint or to participate in the appointment.

Article 12

1. If the other party does not agree to the challenge

and the challenged arbitrator does not withdraw, the decision on the challenge will be made:

- (a) When the initial appointment was made by an appointing authority, by that authority;
 - (b) When the initial appointment was not made by an appointing authority, but an appointing authority has been previously designated, by that authority;
 - (c) In all other cases, by the appointing authority to be designated in accordance with the procedure for designating an appointing authority as provided for in article 6.
2. If the appointing authority sustains the challenge, a substitute arbitrator shall be appointed or chosen pursuant to the procedure applicable to the appointment or choice of an arbitrator as provided in articles 6 to 9 except that, when this procedure would call for the designation of an appointing authority, the appointment of the arbitrator shall be made by the appointing authority which decided on the challenge.

REPLACEMENT OF AN ARBITRATOR

Article 13

1. In the event of the death or resignation of an arbitrator during the course of the arbitral proceedings, a substitute arbitrator shall be appointed or chosen pursuant to the procedure provided for in articles 6 to 9 that was applicable to the appointment or choice of the arbitrator being replaced.
2. In the event that an arbitrator fails to act or in the event of the *de jure* or *de facto* impossibility of his performing his functions, the procedure in respect of the challenge and replacement of an arbitrator as provided in the preceding articles shall apply.

REPETITION OF HEARINGS IN THE EVENT OF THE REPLACEMENT OF AN ARBITRATOR

Article 14

If under articles 11 to 13 the sole or presiding arbitrator is replaced, any hearings held previously shall be repeated; if any other arbitrator is replaced, such prior hearings may be repeated at the discretion of the arbitral tribunal.

Section III. Arbitral proceedings

GENERAL PROVISIONS

Article 15

1. Subject to these Rules, the arbitral tribunal may conduct the arbitration in such manner as it considers appropriate, provided that the parties are treated with equality and that at any stage of the proceedings each party is given a full opportunity of presenting his case.
2. If either party so requests at any stage of the proceedings, the arbitral tribunal shall hold hearings for the presentation of evidence by witnesses, including expert witnesses, or for oral argument. In the absence of such a request, the arbitral tribunal shall decide whether to hold such hearings or whether the proceedings shall be conducted on the basis of documents and other materials.

3. All documents or information supplied to the arbitral tribunal by one party shall at the same time be communicated by that party to the other party.

PLACE OF ARBITRATION

Article 16

1. Unless the parties have agreed upon the place where the arbitration is to be held, such place shall be determined by the arbitral tribunal, having regard to the circumstances of the arbitration.
2. The arbitral tribunal may determine the locale of the arbitration within the country agreed upon by the parties. It may hear witnesses and hold meetings for consultation among its members at any place it deems appropriate, having regard to the circumstances of the arbitration.
3. The arbitral tribunal may meet at any place it deems appropriate for the inspection of goods, other property or documents. The parties shall be given sufficient notice to enable them to be present at such inspection.
4. The award shall be made at the place of arbitration.

LANGUAGE

Article 17

1. Subject to an agreement by the parties, the arbitral tribunal shall, promptly after its appointment, determine the language or languages to be used in the proceedings. This determination shall apply to the statement of claim, the statement of defence, and any further written statements and, if oral hearings take place, to the language or languages to be used in such hearings.
2. The arbitral tribunal may order that any documents annexed to the statement of claim or statement of defence, and any supplementary documents or exhibits submitted in the course of the proceedings, delivered in their original language, shall be accompanied by a translation into the language or languages agreed upon by the parties or determined by the arbitral tribunal.

STATEMENT OF CLAIM

Article 18

1. Unless the statement of claim was contained in the notice of arbitration, within a period of time to be determined by the arbitral tribunal, the claimant shall communicate his statement of claim in writing to the respondent and to each of the arbitrators. A copy of the contract, and of the arbitration agreement if not contained in the contract, shall be annexed thereto.
2. The statement of claim shall include the following particulars:

- (a) The names and addresses of the parties;
- (b) A statement of the facts supporting the claim;
- (c) The points at issue;
- (d) The relief or remedy sought.

The claimant may annex to his statement of claim all documents he deems relevant or may add a reference to the documents or other evidence he will submit.

STATEMENT OF DEFENCE

Article 19

1. Within a period of time to be determined by the ar-

117

bitral tribunal, the respondent shall communicate his statement of defence in writing to the claimant and to each of the arbitrators.

2. The statement of defence shall reply to the particulars (b), (c) and (d) of the statement of claim (article 18, para. 2). The respondent may annex to his statement the documents on which he relies for his defence or may add a reference to the documents or other evidence he will submit.

3. In his statement of defence, or at a later stage in the arbitral proceedings if the arbitral tribunal decides that the delay was justified under the circumstances, the respondent may make a counter-claim arising out of the same contract or rely on a claim arising out of the same contract for the purpose of a set-off.

4. The provisions of article 18, paragraph 2, shall apply to a counter-claim and a claim relied on for the purpose of a set-off.

AMENDMENTS TO THE CLAIM OR DEFENCE

Article 20

During the course of the arbitral proceedings either party may amend or supplement his claim or defence unless the arbitral tribunal considers it inappropriate to allow such amendment having regard to the delay in making it or prejudice to the other party or any other circumstances. However, a claim may not be amended in such a manner that the amended claim falls outside the scope of the arbitration clause or separate arbitration agreement.

PLEAS AS TO THE JURISDICTION OF THE ARBITRAL TRIBUNAL

Article 21

1. The arbitral tribunal shall have the power to rule on objections that it has no jurisdiction, including any objections with respect to the existence or validity of the arbitration clause or of the separate arbitration agreement.

2. The arbitral tribunal shall have the power to determine the existence or the validity of the contract of which an arbitration clause forms a part. For the purposes of article 21, an arbitration clause which forms part of a contract and which provides for arbitration under these Rules shall be treated as an agreement independent of the other terms of the contract. A decision by the arbitral tribunal that the contract is null and void shall not entail *ipso jure* the invalidity of the arbitration clause.

3. A plea that the arbitral tribunal does not have jurisdiction shall be raised not later than in the statement of defence or, with respect to a counter-claim, in the reply to the counter-claim.

4. In general, the arbitral tribunal should rule on a plea concerning its jurisdiction as a preliminary question. However, the arbitral tribunal may proceed with the arbitration and rule on such a plea in their final award.

FURTHER WRITTEN STATEMENTS

Article 22

The arbitral tribunal shall decide which further written statements, in addition to the statement of claim and the statement of defence, shall be required from the

parties or may be presented by them and shall fix the periods of time for communicating such statements.

PERIODS OF TIME

Article 23

The periods of time fixed by the arbitral tribunal for the communication of written statements (including the statement of claim and statement of defence) should not exceed forty-five days. However, the arbitral tribunal may extend the time-limits if it concludes that an extension is justified.

EVIDENCE AND HEARINGS (ARTICLES 24 AND 25)

Article 24

1. Each party shall have the burden of proving the facts relied on to support his claim or defence.
2. The arbitral tribunal may, if it considers it appropriate, require a party to deliver to the tribunal and to the other party, within such a period of time as the arbitral tribunal shall decide, a summary of the documents and other evidence which that party intends to present in support of the facts in issue set out in his statement of claim or statement of defence.
3. At any time during the arbitral proceedings the arbitral tribunal may require the parties to produce documents, exhibits or other evidence within such a period of time as the tribunal shall determine.

Article 25

1. In the event of an oral hearing, the arbitral tribunal shall give the parties adequate advance notice of the date, time and place thereof.
2. If witnesses are to be heard, at least fifteen days before the hearing each party shall communicate to the arbitral tribunal and to the other party the names and addresses of the witnesses he intends to present, the subject upon and the languages in which such witnesses will give their testimony.
3. The arbitral tribunal shall make arrangements for the translation of oral statements made at a hearing and for a record of the hearing if either is deemed necessary by the tribunal under the circumstances of the case, or if the parties have agreed thereto and have communicated such agreement to the tribunal at least fifteen days before the hearing.
4. Hearings shall be held *in camera* unless the parties agree otherwise. The arbitral tribunal may require the retirement of any witness or witnesses during the testimony of other witnesses. The arbitral tribunal is free to determine the manner in which witnesses are examined.
5. Evidence of witnesses may also be presented in the form of written statements signed by them.
6. The arbitral tribunal shall determine the admissibility, relevance, materiality and weight of the evidence offered.

INTERIM MEASURES OF PROTECTION

Article 26

1. At the request of either party, the arbitral tribunal may take any interim measures it deems necessary in respect of the subject-matter of the dispute, including

measures for the conservation of the goods forming the subject-matter in dispute, such as ordering their deposit with a third person or the sale of perishable goods.

2. Such interim measures may be established in the form of an interim award. The arbitral tribunal shall be entitled to require security for the costs of such measures.

3. A request for interim measures addressed by any party to a judicial authority shall not be deemed incompatible with the agreement to arbitrate, or as a waiver of that agreement.

EXPERTS

Article 27

1. The arbitral tribunal may appoint one or more experts to report to it, in writing, on specific issues to be determined by the tribunal. A copy of the expert's terms of reference, established by the arbitral tribunal, shall be communicated to the parties.

2. The parties shall give the expert any relevant information or produce for his inspection any relevant documents or goods that he may require of them. Any dispute between a party and such expert as to the relevance of the required information or production shall be referred to the arbitral tribunal for decision.

3. Upon receipt of the expert's report, the arbitral tribunal shall communicate a copy of the report to the parties who shall be given the opportunity to express, in writing, their opinion on the report. A party shall be entitled to examine any document on which the expert has relied in his report.

4. At the request of either party the expert, after delivery of the report, may be heard at a hearing where the parties shall have the opportunity to be present and to interrogate the expert. At this hearing either party may present expert witnesses in order to testify on the points at issue. The provisions of article 25 shall be applicable to such proceedings.

DEFAULT

Article 28

1. If, within the period of time fixed by the arbitral tribunal, the claimant has failed to communicate his claim without showing sufficient cause for such failure, the arbitral tribunal shall issue an order for the termination of the arbitral proceedings. If, within the period of time fixed by the arbitral tribunal, the respondent has failed to communicate his statement of defence without showing sufficient cause for such failure, the arbitral tribunal shall order that the proceedings continue.

2. If one of the parties, duly notified under these Rules, fails to appear at a hearing, without showing sufficient cause for such failure, the arbitral tribunal may proceed with the arbitration.

3. If one of the parties, duly invited to produce documentary evidence, fails to do so within the established period of time, without showing sufficient cause for such failure, the arbitral tribunal may make the award on the evidence before it.

CLOSURE OF HEARINGS

Article 29

1. The arbitral tribunal may inquire of the parties if

they have any further proof to offer or witnesses to be heard or submissions to make and, if there are none, it may declare the hearings closed.

2. The arbitral tribunal may, if it considers it necessary owing to exceptional circumstances, decide, on its own motion or upon application of a party, to reopen the hearings at any time before the award is made.

WAIVER OF RULES

Article 30

A party who knows that any provision of, or requirement under, these Rules has not been complied with and yet proceeds with the arbitration without promptly stating his objection to such non-compliance, shall be deemed to have waived his right to object.

Section IV. The award

DECISIONS

Article 31

1. When there are three arbitrators, any award or other decision of the arbitral tribunal shall be made by a majority of the arbitrators.

2. In the case of questions of procedure, when there is no majority or when the arbitral tribunal so authorizes, the presiding arbitrator may decide on his own, subject to revision, if any, by the arbitral tribunal.

FORM AND EFFECT OF THE AWARD

Article 32

1. In addition to making a final award, the arbitral tribunal shall be entitled to make interim, interlocutory, or partial awards.

2. The award shall be made in writing and shall be final and binding on the parties. The parties undertake to carry out the award without delay.

3. The arbitral tribunal shall state the reasons upon which the award is based, unless the parties have agreed that no reasons are to be given.

4. An award shall be signed by the arbitrators and it shall contain the date on which and the place where the award was made. Where there are three arbitrators and one of them fails to sign, the award shall state the reason for the absence of the signature.

5. The award may be made public only with the consent of both parties.

6. Copies of the award signed by the arbitrators shall be communicated to the parties by the arbitral tribunal.

7. If the arbitration law of the country where the award is made requires that the award be filed or registered by the arbitral tribunal, the tribunal shall comply with this requirement within the period of time required by law.

APPLICABLE LAW, AMIABLE COMPOSITEUR

Article 33

1. The arbitral tribunal shall apply the law designated by the parties as applicable to the substance of the dispute. Failing such designation by the parties, the arbitral tribunal shall apply the law determined by the con-

nict of laws rules which it considers applicable.

2. The arbitral tribunal shall decide as *amiable compositeur* or *ex aequo et bono* only if the parties have expressly authorized the arbitral tribunal to do so and if the law applicable to the arbitral procedure permits such arbitration.

3. In all cases, the arbitral tribunal shall decide in accordance with the terms of the contract and shall take into account the usages of the trade applicable to the transaction.

SETTLEMENT OR OTHER GROUNDS FOR TERMINATION

Article 34

1. If, before the award is made, the parties agree on a settlement of the dispute, the arbitral tribunal shall either issue an order for the termination of the arbitral proceedings or, if requested by both parties and accepted by the tribunal, record the settlement in the form of an arbitral award on agreed terms. The arbitral tribunal is not obliged to give reasons for such an award.

2. If, before the award is made, the continuation of the arbitral proceedings becomes unnecessary or impossible for any reason not mentioned in paragraph 1, the arbitral tribunal shall inform the parties of its intention to issue an order for the termination of the proceedings. The arbitral tribunal shall have the power to issue such an order unless a party raises justifiable grounds for objection.

3. Copies of the order for termination of the arbitral proceedings or of the arbitral award on agreed terms, signed by the arbitrators, shall be communicated by the arbitral tribunal to the parties. Where an arbitral award on agreed terms is made, the provisions of article 32, paragraphs 2 and 4 to 7, shall apply.

INTERPRETATION OF THE AWARD

Article 35

1. Within thirty days after the receipt of the award, either party, with notice to the other party, may request that the arbitral tribunal give an interpretation of the award.

2. The interpretation shall be given in writing within forty-five days after the receipt of the request. The interpretation shall form part of the award and the provisions of article 32, paragraphs 2 to 7, shall apply.

CORRECTION OF THE AWARD

Article 36

1. Within thirty days after the receipt of the award, either party, with notice to the other party, may request the arbitral tribunal to correct in the award any errors in computation, any clerical or typographical errors, or any errors of similar nature. The arbitral tribunal may within thirty days after the communication of the award make such corrections on its own initiative.

2. Such corrections shall be in writing, and the provisions of article 32, paragraphs 2 to 7, shall apply.

ADDITIONAL AWARD

Article 37

1. Within thirty days after the receipt of the award,

either party, with notice to the other party, may request the arbitral tribunal to make an additional award as to claims presented in the arbitral proceedings but omitted from the award.

2. If the arbitral tribunal considers the request for an additional award to be justified and considers that the omission can be rectified without any further hearings or evidence, it shall complete its award within sixty days after the receipt of the request.

3. When an additional award is made, the provisions of article 32, paragraphs 2 to 7, shall apply.

COSTS (ARTICLES 38 TO 40)

Article 38

The arbitral tribunal shall fix the costs of arbitration in its award. The term "costs" includes only:

- (a) The fees of the arbitral tribunal to be stated separately as to each arbitrator and to be fixed by the tribunal itself in accordance with article 39;
- (b) The travel and other expenses incurred by the arbitrators;
- (c) The costs of expert advice and of other assistance required by the arbitral tribunal;
- (d) The travel and other expenses of witnesses to the extent such expenses are approved by the arbitral tribunal;
- (e) The costs for legal representation and assistance of the successful party if such costs were claimed during the arbitral proceedings, and only to the extent that the arbitral tribunal determines that the amount of such costs is reasonable;
- (f) Any fees and expenses of the appointing authority as well as the expenses of the Secretary-General of the Permanent Court of Arbitration at The Hague.

Article 39

1. The fees of the arbitral tribunal shall be reasonable in amount, taking into account the amount in dispute, the complexity of the subject-matter, the time spent by the arbitrators and any other relevant circumstances of the case.

2. If an appointing authority has been agreed upon by the parties or designated by the Secretary-General of the Permanent Court of Arbitration at The Hague, and if that authority has issued a schedule of fees for arbitrators in international cases which it administers, the arbitral tribunal in fixing its fees shall take that schedule of fees into account to the extent that it considers appropriate in the circumstances of the case.

3. If such appointing authority has not issued a schedule of fees for arbitrators in international cases, any party may at any time request the appointing authority to furnish a statement setting forth the basis for establishing fees which is customarily followed in international cases in which the authority appoints arbitrators. If the appointing authority consents to provide such a statement, the arbitral tribunal in fixing its fees shall take such information into account to the extent that it considers appropriate in the circumstances of the case.

4. In cases referred to in paragraphs 2 and 3, when a party so requests and the appointing authority consents to perform the function, the arbitral tribunal shall fix its fees only after consultation with the appointing authority which may make any comment it deems appropriate to the arbitral tribunal concerning the fees.

Article 40

1. Except as provided in paragraph 2, the costs of arbitration shall in principle be borne by the unsuccessful party. However, the arbitral tribunal may apportion each of such costs between the parties if it determines that apportionment is reasonable, taking into account the circumstances of the case.

2. With respect to the costs of legal representation and assistance referred to in article 38, paragraph (e), the arbitral tribunal, taking into account the circumstances of the case, shall be free to determine which party shall bear such costs or may apportion such costs between the parties if it determines that apportionment is reasonable.

3. When the arbitral tribunal issues an order for the termination of the arbitral proceedings or makes an award on agreed terms, it shall fix the costs of arbitration referred to in article 38 and article 39, paragraph 1, in the text of that order or award.

4. No additional fees may be charged by an arbitral tribunal for interpretation or correction or completion of its award under articles 35 to 37.

DEPOSIT OF COSTS

Article 41

1. The arbitral tribunal, on its establishment, may request each party to deposit an equal amount as an advance for the costs referred to in article 38, paragraphs (a), (b) and (c).

2. During the course of the arbitral proceedings the arbitral tribunal may request supplementary deposits from the parties.

3. If an appointing authority has been agreed upon by the parties or designated by the Secretary-General of the Permanent Court of Arbitration at The Hague, and when a party so requests and the appointing authority consents to perform the function, the arbitral tribunal shall fix the amounts of any deposits or supplementary deposits only after consultation with the appointing authority which may make any comments to the arbitral tribunal which it deems appropriate concerning the amount of such deposits and supplementary deposits.

4. If the required deposits are not paid in full within thirty days after the receipt of the request, the arbitral tribunal shall so inform the parties in order that one or another of them may make the required payment. If such payment is not made, the arbitral tribunal may order the suspension or termination of the arbitral proceedings.

5. After the award has been made, the arbitral tribunal shall render an accounting to the parties of the deposits received and return any unexpended balance to the parties.

APPENDIX K

APPENDIX K: PHARMACOR PROCUREMENT MANUAL

In 1994, PHARMACOR prepared a draft procurement procedures manual. This manual is currently in the process of being revised by PHARMACOR to reflect management and organizational changes brought about by the recent restructuring of PHARMACOR, and to incorporate new information and experience acquired by PHARMACOR since 1994.

The purpose of a procurement manual is to; describe the general, overarching procurement policies that guide the unit's activities, provide clear and specific instructions and procedures on how policies are implemented, delineate the level of authority and responsibility of the different unit members and procurement related committees, identify the documentation requirements for procurement procedures as well as those needed to support deviations from the standard procurement procedures, and include samples of the forms used by the unit.

It is standard practice that an organization's general procurement policy include; standards of conduct governing the performance of employees engaged in contract administration, a requirement that procurement be conducted in a manner to provide open and free competition when possible, a requirement that some form of cost or price analysis be performed for each procurement, and a requirement that procurement transactions be documented and records kept.

The PHARMACOR manual does contain a code of conduct and ethics governing the activities of procurement unit employees. The manual also contains a statement to "Buy products efficiently, wisely and competitively." While this statement acknowledges competitive procurement, adherence to the principle of competition by PHARMACOR could be more strongly expressed by adding a statement that "All procurements should be conducted in a manner to provide open and free competition to the maximum extent possible."

The PHARMACOR manual does not contain a statement that some form of cost or price analysis should be conducted for each procurement. It is also missing a statement requiring all procurement transactions to be documented. From a practical standpoint, the process of conducting open and restricted tenders should provide PHARMACOR with sufficient price information from suppliers to be able to perform a price analysis. The supplier quotes will also provide partial documentation of the procurement process. Therefore, the omission of these two general statements (price analysis and documentation) can be easily corrected by adding them to a general policy section in the PHARMACOR manual.

The PHARMACOR procurement manual contains instructions on conducting open tenders, restricted tenders, and direct purchases. These instructions include guidelines identifying the circumstances under which each type of solicitation method should be used. For example, per the manual, open tender solicitations should be used when the following conditions are present.

- a) item(s) has a generic name and several suppliers,
- b) budget allocated for the purchase is high and there is sufficient time to process the tender,
- c) there is sufficient information on price, supply and suppliers,

d) there are grounds that the invitation can be easily obtained and seen by participants.

These are reasonable guidelines for this type of solicitation. What the manual does not contain, at this time, are specific monetary thresholds that identify the value of procurement at which different solicitation methods should be used.

While b) in the above example states open tender should be performed when the budget allocated for the purchase is high, this is a subjective measurement, and does not establish the control and consistency needed to effectively implement procurement policy. The manual should include specific monetary thresholds for different solicitation methods.

The manual should also identify, by monetary thresholds, the authority/personnel level needed to approve purchase contracts of different value. The manual clearly identifies the composition and responsibilities of the Technical Committee (they review the bid analysis and vendor recommendation) and the Procurement Board (they approve/disapprove the Technical Committee's recommendation) in the contract approval process. It is not clear from the manual, however, if all purchase contracts require Procurement Board approval, or if purchase contracts of a lower value can be approved by the General Manager of PHARMACOR. The manual should include monetary thresholds that identify the authority level required for approval of purchase contracts.

There are always circumstances under which procurement activities are unable to comply fully with policy guidelines, i.e., single source procurement does not comply with the policy to maximize competition. Such variances must be documented. The PHARMACOR manual needs to include instructions that identify a) how variances from standard procurement procedures should be documented, and b) what level of authority is required to approve variances from standard procedures.

While PHARMACOR uses standard forms for various procurement procedures; bid adjudication form, purchase requisition form, contract/purchase order form, etc., they are currently not included in the manual. Samples of such forms need to be added to the manual for reference purposes.

124

APPENDIX L

QUOTE: LABORATORY EQUIPMENT AND CONSUMABLES

*Submitted by WHO Consultant
from South Africa.*

DESCRIPTION	QT.	BUDGET PRICE U.S.\$
Balance, Top Loader, 100g, 0,01g	1	3867=00
Balance, analytical, 210g, 0,0001g	1	4762=00
Equipment for TLC:		
Disposable Microcaps, 2ul (packets of 100)	2	65=00
Disposable Microcaps, 5ul (packets of 100)	2	65=00
Dispenser, magazine with 100 capil. 2ul	1	50=00
Dispenser, magazine with 100 capil. 5ul	1	50=00
Universala capil. Holder for capil. 0.5-5ul	1	300=00
CAMAG Multipurpose Spotting Guide, 20 x 20cm		245=00
Twin Trough Developing Chamber (20 x 20 cm) without lid	6	2475=00
Glass Lid for developing chamber	6	120=00
TLC Sprayer (<i>spreader</i>)	1	1175=00
Reagent Spray	6	170=00
Spray Head for TLC Sprayer	6	165=00
50ml Glass Jar (pack of 6)	6	96=00
100ml Glass Jar (pack of 6)	1	121=00
CAMAG UV Cabinet with universal UV lamp and UV viewing box	1	2500=00
UV Lamp universal with stand	2	1500=00
Hand-held UV Lamp 366nm	2	<u>N.P.</u>
Hand-held UV Lamp 254nm	2	<u>N.P.</u>
Densitometer for TLC plates	1	6000=00
Glass coated TLC plates with F256 indicator (box of 25) 20 x 20cm	10	1458=00
Spectrophotometer (UV/visible, single beam, spectral slit width 2nm, computer driven)	1	<u>N.P.</u>
Spectrophotometer (UV/visible, dual beam,		

spectral slit width 2nm, computer driven)	1	12500 = 00
--Mini-titration system (pH-meter, Fischer titration)	1	1200 = 00
Karl Fischer titrator (basic model)	1	2500 = 00
pH-meter with pH electrodes	1	1300 = 00
Melting point Apparatus (basic model)	1	4166 = 00
Polarimeter	1	4652 = 00
Drying Oven	1	3200 = 00
Vacuum Oven	1	5520 = 00
Vacuum Pump (10 ⁻³ Bar, rotary vane)	1	3200 = 00
Vacuum Oven	1	5520 = 00
Vacuum Pump (10⁻³ in Bar, rotary vane)	1	3200 = 00
Table top Centrifuge 8 x 15ml tubes	1	1400 = 00
Hotplate Stirrer	3	2500 = 00
Disintegration Test equipment	1	15700 = 00
Microscope, binocular, magnification 4x, 10x, 40x, 100x, oil plan acromat objectives, built-in illuminator, mechanical stage	1	2700 = 00
Refrigerator with freezer compartment 210 liter	1	1000 = 00
Flame Photometer	1	15200 = 00
Micrometer Callipers (Vernier calliper)	2	70 = 00
Osmometer	1	8610 = 00
Vortex mixer	1	728 = 00
Waterbath, 14 liter (constant temperature regulator)	1	1145 = 00
Ultrasonic bath, 10 liter	1	2100 = 00
Refractometer	1	5200 = 00
Shaker (wrist action)	1	2795 = 00
Oxygen Flask combustion apparatus	1	N/A
Agate mortar with pestle, 85mm dia.	5	311 = 00
Hardness tester for tablets	1	14582 = 00
Friability tester for tablets	1	3780 = 00
Dissolution test equipment for 6 tablets/capsules	1	15832 = 00
Polythene bag Sealer with vacuum	1	90 = 00
Water distillation still 100lt/hr		
TOTAL		157165 = 00
Water decoupling equipment 100lt/hr		

GLASSWARE PRICES AS QUOTED BY GLASSWORLD

ITEM	QUANTITY NEEDED	UNIT PRICE (US\$)	TOTAL PRICE (US\$)
Volumetric flasks (A grade)			
10 ml	70	3.30	231.00
25 ml	70	3.60	252.00
50 ml	60	4.25	255.00
100 ml	80	5.40	432.00
200 ml	50	7.00	350.00
500 ml	20	12.05	241.00
1 l	10	17.75	177.50
2 l	7	30.40	212.80
5 l	4	82.35	329.40
Pipettes, bulb (A grade)			
1 ml	50	2.22	111.00
2 ml	75	2.28	171.00
3 ml	40	2.35	94.00
4 ml	50	2.51	125.00
5 ml	70	2.55	178.50
6 ml	20	6.15	123.00
7 ml	10	7.00	70.00
8 ml	10	8.25	82.50
9 ml	60	10.15	609.00
10 ml	30	3.00	90.00
15 ml	50	3.50	175.00
20 ml	10	3.61	36.10
25 ml	30	4.45	133.50
30 ml	10	10.15	101.50
50 ml	10	5.32	53.20

Glass Beakers			
50 ml	15	1.50	22.50
100 ml	10	2.20	22.00
250 ml	15	1.52	22.80
500 ml	10	2.20	22.00
1 l	10	4.00	40.00
2 l	10	7.60	76.00
5 l	5	31.10	155.00
Plastic Beakers			
500 ml	5	3.45	17.25
1 l	5	5.25	26.25
2 l	5	8.25	41.25
5 l	5	18.40	92.00
Measuring Cylinders (Glass)			
10 ml	10	3.15	31.50
25 ml	5	3.15	15.75
50 ml	10	3.50	35.00
100 ml	5	4.45	22.25
250 ml	5	8.25	41.25
500 ml	5	12.05	60.25
1 l	5	21.55	107.75
Measuring pipettes			
1 ml	10	1.70	17.00
2 ml	10	1.75	17.50
5 ml	10	1.75	17.50
10 ml	10	2.10	21.00
TOTAL			5557.81

Glassworld
 P.O. Box 88027
 Newclare
 Johannesburg
 2112
 Tel: 27-11-474 6580
 Fax: 27-11-474 6585/6

LIST OF CHEMICALS FOR Q.C. LAB.

<u>No.</u>	<u>Description - Reagent</u>	<u>Grade</u>	<u>Pack Size</u>	<u>Quantity</u>
	Acetic Anhydride	AR	2.5L	10L
	Aluminium Chloride hexahydrate	GPR	500 g	500g
	4-Aminophenazone	GPR	25g	25g
	Ammonia 29% W/W	AR	1.0L	10L
	Ammonium Acetate	AR	250g	250g
	Ammonium Carbonate	AR	500g	500g
	Ammonium Cerium IV Nitrate	AR	100g	500g
	Ammonium Cerium IV Sulphate	GPR	100g	500g
	L-Ascorbic Acid	AR	100g	200g
	Arsenic trioxide As_2O_3	AR	100g	500g
	Atropine Sulphate 1 H_2O	GPR	25g	100g
	Ammonium Thiocyanate NH_4SCN	AR	250g	250g
	Anion Exchange Resin (Cl^-) (Amulite Resin IRA 410)	Standard grade particles size 0.3-1.1mm	500g	500g
	4-Aminophenol $H_2NC_6H_4OH$	GPR	100g	100g
	Barium hydroxide	AR	500g	500g
	Benzoic Acid $C_6H_5CO_2H$	AR	100g	200g
	Benzanilide $C_6H_5COHC_6H_5$	GPR	100g	100g
	Bismuth Oxynitrate (basic salt containing about 80% Bi_2O_3)	AR	100g	200g
	Boric acid H_3BO_3	AR	500g	500g
	Brilliant Green (CIA2040) = Malsbite Green $C_{27}H_{34}N_2O_5$	Technical grade of commerce	25g	25g
	Bromine	AR	1ml	24ml
	Calcium Hydroxide	AR	250g	1Kg
	4-Chloro acetanilide	GPR	200g	200g
	4-Chloro benzene Sulphamide	AR	25g	50g
	Cobalt II Acetate $(CH_3CO_2)_2CO_2H_2O$	GPR	100g	100g
	Cobalt II Chloride $CoCl_2 \cdot 6H_2O$	AR	100g	100g
	Copper Sulphate $CuSO_4 \cdot 5H_2O$	AR	250g	1Kg
	Charcoal decolorising	GPR	500g	500g
	Copper Wire	Technical	500g	500g

No.	Description - Reagent	Grade	Pack Size	Quantity
10	2,7 Dichlorofluorescein as (absorption indicator)	GPR	5g	25g
11	4-Dimethylaminobenzaldehyde (CH ₃) ₂ NC ₆ H ₄ CHO	AR	25g	25g
12	Dimethylsulphoxide (CH ₃) ₂ SO dithylonedioxide (H ₂ CH ₂ C ₂ CH ₂ CH ₂ O)	AR	100ml	500ml
13	1, 4 - Dioxan (peroxide free)	AR	250ml	2L
14	Formaldehyde solution 38.5% W/V	AR	500ml	2L
15	Glycerol Propane 1,2,3 trio	AR	500ml	10L
16	Hydrazinium Sulphate NH ₂ NH ₂ ·H ₂ SO ₄	AR	100g	100g
17	Hydrogen peroxide 100V - 30% W/V	AR	100ml	500ml
18	Imidazole - Glyoxaline C ₃ H ₄ N ₂	Purified Grade of Commerce	100g	100g
19	Iodine - I ₂	AR	100g	600g
20	Iron III Chloride FeCl ₃ ·6H ₂ O	AR	250g	250g
21	Iron II Sulphate: FeSO ₄ ·7H ₂ O	AR	500g	500g
22	Kochi Ascher-Reagent	modified reagent of commerce equivalent 5mg/ml	500ml	2L
23	Lanthanum Nitrate La(NO ₃) ₃ ·5H ₂ O	atomic absorption spectroscopic grade of commerce	25g	25g
24	Lead acetate Pb(CH ₃ CO ₂) ₂ ·3H ₂ O	AR	250g	500g
25	Lead Acetate paper	AR	4 Red pack	1 pack
26	Lead II Nitrate	AR	250g	250g
27	Liquid Paraffin	AR	1L	25L
28	Magnesium Sulphate MgSO ₄ ·7H ₂ O	AR	500g	2K
29	Magnesium Acetate (CH ₃ COO) ₂ Mg·2H ₂ O	AR	100g	100g
30	Mercury II Bromide test paper	AR	per 100	200
31	1-Methylphenyl L acetic acid C ₉ H ₁₀ O ₃ (CH ₃ OC ₆ H ₄ CH ₂ COOH)	GPR	10g	10g
32	Mercury II Chloride HgCl ₂	AR	25g	50g
33	Methylene blue C ₁₆ H ₁₆ N ₃ S ₂ Cl ₂ ·2H ₂ O	Redox indicator grade for bio- logical work	10g	50g
34	2 Methyl 5 Nitroimidazole C ₄ H ₅ N ₃ O ₂	GPR	25g	50g

*** Note: Pages 25-26 not received with the fax sent by BASICS. ***

<u>Q.</u>	<u>Description</u>	<u>Grade</u>	<u>Pack Size</u>	<u>Quantity</u>
	Xarthyrol $C_{13}H_{10}O_2$ = Xanthan-9-OL	GPR	100ml	
	Zinc Activated			
	Zinc powder	GPR	500g	

1322

INDICATOR

<u>No.</u>	<u>Description</u>	<u>Grade</u>	<u>Pack Size</u>	<u>Unit</u>
	Bromothymol blue $C_{27}H_{28}Br_2O_5S$	Intended for use as pH indicators	25g	25g
	Bromocresol green $C_{21}H_{14}Br_4O_5S$	(No. 1 - 15)	25g	25g
	Crystal Violet $C_{25}H_{30}ClN_3$		25g	25g
	Dimethyl yellow $C_{17}H_{15}N_3$ - 4-dimethylaminobenzene		25g	
	Litmus paper Red		10 books titulous	5 x boxes
	Litmus paper blue		"	"
	Metanil yellow $C_{18}H_{14}N_3NaO_3S$		5 g	10g
	1-Naphthalbenesulfonate $C_{27}H_{20}O_3$ - (Phenylbis (4-hydroxynaphthyl) Methanol $C_{27}H_{20}O_3$		25g	50g
	Titan Yellow $C_{28}H_{19}N_5O_8S$		25g	25g
	Thymol blue $C_{27}H_{30}O_5S$		5g	10g
	Thymol phtalim $C_{26}H_{30}O_4$		25g	25g

133

<u>Description</u>	<u>Grade</u>	<u>Pack Size</u>	<u>Quantity</u>
Acetone $(CH_3)_2 CO$	AR	1L	10L
Aniline $C_6H_5NH_2$	AR	250ml	5L
Brtm - 1 - OL = n butyl alcohol	AR	500L	5L
Carbon tetrachloride CCl_4	AR	500ml	10L
Cyclohexane	AR	500ml	5L
Dichloromethane CH_2Cl_2	AR	500ml	10L
Chloroform $CHCl_3$	AR	500ml	20L
Diethylamine $(C_2H_5)_2 NH$	AR	500ml	5L
Dimethylformamide $HCON(CH_3)_2$	AR	500ml	5L
Ethanol 96%			
Ethanol absolute C_2H_5OH	AR	2.5L	11L
Ethyl acetate $CH_3CO_2C_2H_5$	AR	500ml	10L
Ether $(C_2H_5)_2 O$	AR	500ml	10L
Hexane $CH_3(CH_2)_4 CH_3$	GPR	500ml	10L
Methanol CH_3OH	AR	500ml	20L
Propan-1-OL = Isopropylalcohol $CH_3CH_2CH_2OH$	AR	500ml	5L
Propan-2-OL $(CH_3)_2CHOH$	AR	500ml	2 1/2L
2-Phenoxy Ethanol $C_6H_5OCH_2CH_2OH$	GPR	500ml	5L
Toluene $C_6H_5CH_3$	AR - low in sulphur	500ml	5L
Xylene (mixture of 0 = - 3 isomers of $C_6H_4(CH_3)_2$)	GPR	500ml	500ml
Pyridine C_5H_5N	AR	500ml	10L
Methanol CH_3OH anhydrous	AR	500ml	10L

<u>qs.</u>	<u>Description</u>	<u>Grade</u>	<u>Pack Size</u>	<u>Quantity</u>
	Acetic acid anhydrous glacial CH_3CO_2H	For use in non- aqueous titrations. AR	500ml	10L
	Hydrochloric acid 36% W/W	AR	2.5L	20L
	Nitric acid fuming 3.95% W/W	AR/	2.5L	5L
	Orthophosphoric acid 88% W/W	AR	500ml	1L
	Perchloric acid - 60% W/W - dodecatungstosilicic acid	AR	250ml	4L
	Silicotungstic acid $SiO_2 \cdot 12WO_3 \cdot 26H_2O$	GPR	100g	100g
	Sulphuric acid spgr 1.84	AR	2.5L	20L
	(+)- tartaric acid	AR	500g	500g
	Sulphamic acid NH_2SO_3H	GPR	25g	100g

APPENDIX M

AID HANDBOOK 11	Trans. Memo. No. 11-3:9	Effective Date August 2, 1984	Page No. 3P-1
-----------------	----------------------------	----------------------------------	------------------

ATTACHMENT 3P

SAMPLE PURCHASE ORDER FORMAT

[This Purchase Order is designed to be used for small value procurement (see 2.2.4 of text) of commodities when no incidental services are included. It would be most appropriate for procurement of catalog items where detailed specifications are not necessary. The clauses on the following pages are suggestions which may be adapted as required as long as the mandatory clauses are included in the purchase order (see Section 2.13 of text).]

PURCHASE ORDER
(Purchaser's Name and Address)

Issued to: _____ Date: _____
Supplier's Name _____ Purchase Order No: _____
and _____
Address: _____ AID Loan/Grant No: _____

Item No.	Quantity (inc. unit)	Description/Specification of Commodities	Unit Price	Total Price
----------	----------------------	--	------------	-------------

Authorized Source for: _____ Terms of Delivery: specify whether
c.i.f., f.a.s.,
etc. Name
point of delivery

Commodities: AID Code

Transportation: AID Code

Insurance: AID Code

Instructions: (Export packing instructions, including any marking requirements in addition to the AID requirements. Specify where shipping documents, including original bill of lading, are to be sent. Specify payment method - whether bank or direct L/COM will be used. Specify any other special instructions)

Page No. 3P-2	Effective Date August 2, 1984	Trans. Memo. No. 11-3:9	AID HANDBOOK 11
-------------------------	---	-----------------------------------	------------------------

This order is subject to the terms and conditions on the reverse hereof.

_____ (Purchaser) _____ by _____

PLEASE SIGN AND RETURN ACKNOWLEDGEMENT COPY PROMPTLY.

ACKNOWLEDGEMENT: The undersigned acknowledges receipt of this purchase order and agrees to supply the above described items in accordance with the terms and conditions herein.

_____ Printed
 Name and Title Signature Date

for _____
 Name of Supplier

138

AID HANDBOOK 11	Trans. Memo. No. 11-3:9	Effective Date August 2, 1984	Page No. 3P-3
-----------------	----------------------------	----------------------------------	------------------

TERMS AND CONDITIONS

1. DEFINITIONS:

- a. "AID" means the Agency for International Development.
- b. "Host Country" means _____.
- c. "Purchaser" means _____.
- d. "Supplier" means the person or firm supplying the equipment and materials called for under this purchase order.

2. CONTRACT: This form, when properly signed, bearing an order number and acknowledged, is the only form which will be recognized by the Purchaser and will constitute the contract. No terms stated by the Supplier in accepting or acknowledging this order shall be binding on the Purchaser unless accepted in writing by the Purchaser. Supplier may not assign this order without the Purchaser's prior written consent. No waiver of a breach of any provision of this order shall constitute a waiver of such provision or of any subsequent breach thereof.

3. GOVERNING LAW: This contract shall be interpreted in accordance with the laws of _____.

4. CHANGES: The Purchaser may at any time, by written order, and without notice to the sureties, make changes within the general scope of this contract. If any such changes cause an increase or decrease in the cost, or the time required for the performance, of any part of the work under this contract, an equitable adjustment shall be made in the contract price or delivery schedule, or both, and the contract shall be modified in writing accordingly. Any claim by the Supplier for adjustment under this contract must be asserted within thirty (30) days from the date of receipt by the Supplier of the modification or change.

*5. PAYMENT: Payment shall be made in accordance with the terms of the financing document and will require the submission of the following documentation: Supplier's invoice; "Supplier's Certificate and Agreement with AID for Project Commodities" (Form AID 1450-4) if this purchase order exceeds \$2,500; a copy or photostat of the rated bill of lading or parcel post receipt evidencing shipment to the Host Country; and if shipment is made from a free port or bonded warehouse, a copy of the bill of lading covering shipment from the source country to the free port or bonded warehouse.

*These clauses are mandatory in accordance with Section 2.13 of the text.

Page No. 3P-4	Effective Date August 2, 1984	Trans. Memo. No. 11-3:9	AID HANDBOOK 11
-------------------------	---	-----------------------------------	------------------------

*6. ELIGIBILITY OF SUPPLIES: No equipment, materials or services shall be eligible for AID financing if offered by a Supplier included on any list of suspended, debarred, or ineligible bidders used by AID. The Supplier must be a citizen or legal resident of, or a corporation or partnership organized under the laws of a country included in the authorized geographic code; a U.S. controlled foreign corporation within the meaning of Section 957 et. seq. of the Internal Revenue Code (26 USC 957); or a joint venture or unincorporated association consisting entirely of entities which fit the foregoing categories.

*7. ELIGIBILITY OF COMMODITIES:

a. Commodities must be shipped from an authorized source country (one included in the authorized geographic code specified on the face of this Purchase Order). However, commodities may be shipped to such port or bonded warehouse in the form in which received therein. Commodities also must be mined, grown, or produced in an authorized source country.

b. In addition to the foregoing, a produced commodity will not be eligible for financing if:

(i) It contains any component from countries other than free world countries as described in AID Geographic Code 935; or

(ii) It contains components which are imported into the country of production from free world countries not included in AID Geographic Code 941 and such components were acquired by the producer in the form in which they were imported and the total cost of such components (delivered at the point of production) amounts to more than 50 percent of the lowest price (excluding the costs of ocean transportation and marine insurance) at which the Supplier makes the commodity available for export sale (whether or not financed by AID). If Geographic Codes 899 or 935 are the authorized source, this 50 percent componentry limitation does not apply.

*8. ELIGIBILITY OF TRANSPORTATION: Ocean and air shipments must be made on carriers under flag registry of countries included in the AID Geographic Code specified on the face of this Purchase Order as the authorized source for transportation. If such vessels are not available, notify Purchaser and request further instructions.

*These clauses are mandatory in accordance with Section 2.13 of the text.

AID HANDBOOK 11	Trans. Memo. No. 11-3:9	Effective Date September 7, 1989	Page No. 3P-5
-----------------	----------------------------	-------------------------------------	------------------

9. **MARINE INSURANCE:** If delivery terms of this Purchase Order are c.i.f., the Supplier shall provide all risk marine insurance on a warehouse to warehouse basis at 110 percent of the c.i.f. value of each shipment. The policy must be issued by, and the premium payable to, an insurance company located in an authorized source country. The premiums shall not exceed the prevailing rate for similar coverage, and all loss proceeds shall be payable in U.S. dollars.

*10. **MARKING:** The supplier shall be responsible for assuring that all commodities to be furnished under this Purchase Order and their shipping containers, carry the official AID emblem. Emblems shall be affixed by metal plate, decal, stencil, label, tag, or other means depending upon the type of commodity or shipping container and the nature of the surface to be marked. The emblem on commodities shall be as durable as the trademark, company or brand name affixed by the producer and the emblem on each shipping container must be affixed in a manner which assures that it will remain legible until the container reaches its destination. Such containers shall display the last set of digits of the identification number of the pertinent implementing document in characters equal in height to the shipper's markers.

*11. **DISPUTES:** In the event of disputes arising in connection with this contract, the parties shall make reasonable attempts to reach an amicable settlement among themselves prior to invoking arbitration. In the event that the parties fail to reach an amicable settlement among themselves within forty days, the dispute shall be decided under the Rules of Conciliation and Arbitration of the International Chamber of Commerce.**

12. **FORCE MAJEURE:** Except with respect to default of a subcontractor, the Supplier shall not be liable for any excess costs if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Supplier and if the Supplier within twenty (20) days from the beginning of any such Force Majeure notifies the Purchaser of such prevention of performance and the cause thereof. Such causes may include, but are not restricted to, acts of the Purchaser in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the Supplier. If the failure to perform is caused by the fault

*This clause is mandatory in accordance with Section 2.13 of the text.

**See Section 4.1.6.15 of the text for discussion of the permissible alternatives for settlement of disputes procedures.

Page No. 3P-6	Effective Date August 2, 1984	Trans. Memo. No. 11-3:9	AID HANDBOOK 11
------------------	----------------------------------	----------------------------	-----------------

of a subcontractor and if such default arises out of causes beyond the control of both the Supplier and the subcontractor and without the fault or negligence of either of them and if the Supplier within twenty (20) days from the beginning of any such Force Majeure notifies the Purchaser of such prevention of performance and cause thereof, the Supplier shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Supplier to meet the required delivery schedule.

13. TERMINATION BY THE PURCHASER FOR CONVENIENCE: This contract may be terminated by the Purchaser in whole, or from time to time in part, whenever the Purchaser shall determine that it is in its best interest to do so. Termination shall be effected by registered letter to the Supplier. The letter shall specify the extent to which performance is terminated, the effective date of termination, and what steps should be taken by the Supplier. With respect to goods which are completed and ready for delivery by the effective termination date, Purchaser agrees to accept delivery thereof at the contract price and terms. Purchaser may elect to accept delivery of material which is not complete and pay Supplier a prorated amount of the contract price. No payment shall be made by Purchaser for any material not yet in process of manufacture on the effective date of termination. Other arrangements may be agreed upon between Supplier and Purchaser. Supplier shall submit to Purchaser its written claim within three months of the effective date of termination. In deciding the amount due, all settled claims which the Purchaser may have against the Supplier in connection with this contract will be deducted. Any disagreement regarding termination amounts or procedures shall be settled under the clause of this contract entitled "Disputes".

14. TERMINATION FOR DEFAULT:

(a) The Purchaser may, by registered mail to the Supplier terminate the whole or part of this contract in any one of the following circumstances:

(i) If the Supplier fails to make delivery of the equipment within the time specified herein or any extension thereof, or

(ii) If the Supplier fails to perform any of the other provisions of this contract or so fails to make progress as to endanger performance of this contract in accordance with the terms, and in either of these two circumstances does not cure such failure within a period of ten (10) days (or such longer period as the Purchaser may authorize in writing) after receipt of notice from the Purchaser specifying such failure.

AID HANDBOOK II	Trans. Memo. No. 11-3:9	Effective Date August 2, 1984	Page No. 3P-7
-----------------	----------------------------	----------------------------------	------------------

(b) In the event the Purchaser terminates this contract in whole or in part as provided in (a) of this clause, the Purchaser may procure, upon such terms and in such manner as the Purchaser may deem appropriate, supplies similar to those so terminated, and the supplier shall be liability to Purchaser for any excess costs for such similar supplies. Supplier shall continue performance of this contract to the extent not terminated.

*15. TAXES: The loan or grant agreement under which this transaction is financed does not permit the use of AID funds to finance any taxes, tariffs, duties, or other levies imposed by any laws in effect in the Host Country.

16. WARRANTY: All equipment must be covered by the manufacturer's standard export warranty which shall, at a minimum, protect the Purchaser from any loss due to defective workmanship, material and parts for twelve months after initial delivery to the port of entry. In the event that the warranty is breached, the Purchaser may require, and the Supplier is bound, to remedy all defects and faults, including both workmanship and materials within a reasonable time of notification. In the event of the Supplier's refusal or inability to remedy any such condition, the Purchaser may remedy such defects on its own and claim the reasonable cost of such remedial action from the Supplier.

17. INSPECTION: All commodities supplied under this Purchase Order (including raw materials, components, intermediate assemblies and end product) shall be subject to inspection and test at the request of the Purchaser.

*This clause is mandatory in accordance with Section 2.13 of the text.

BEST AVAILABLE COPY

142

Page No. 3P-8	Effective Date August 2, 1984	Trans. Memo. No. 11-3:9	AID HANDBOOK 11
------------------	----------------------------------	----------------------------	-----------------

*18. EQUAL EMPLOYMENT OPPORTUNITY: If the supplier is a U.S. firm, it shall not discriminate in recruitment or employment conditions of personnel hired in the U.S. because of race, religion, color, sex or national origin and must be in compliance with its equal employment opportunity obligations under Executive Order 11246 dated September, 1965.

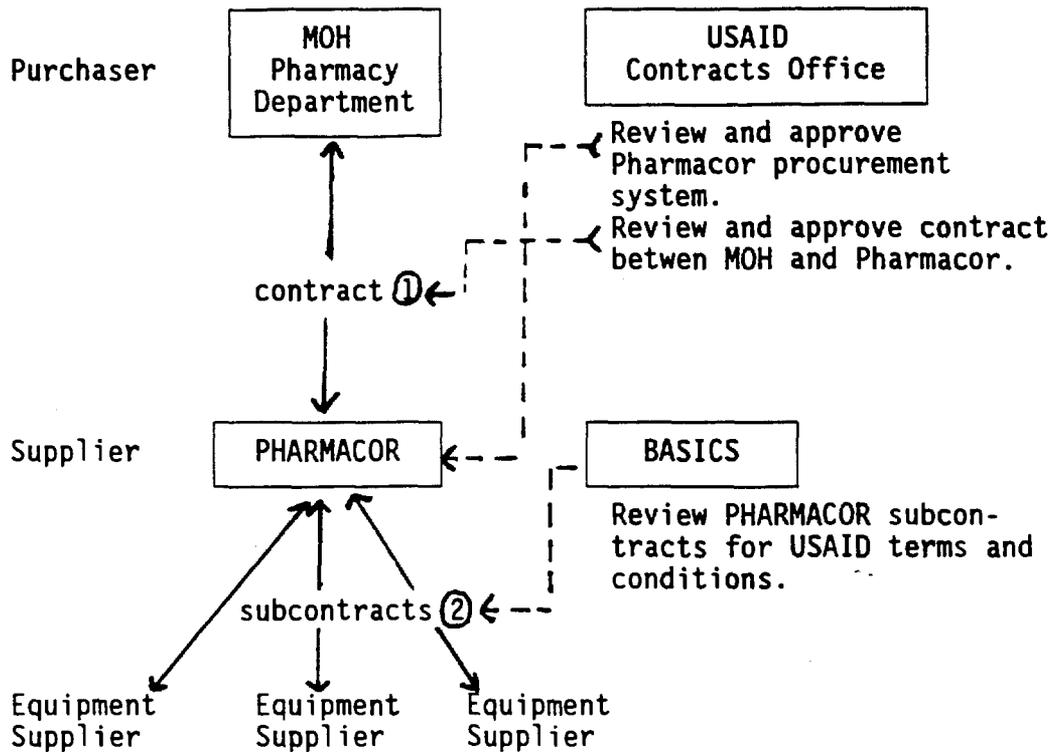
*19. VESTING OF TITLE AND DIVERSION RIGHTS: AID reserves the right to vest in itself title to the goods financed under this Purchase Order, provided that such goods are in a deliverable state and have not yet been off loaded in ports of entry in the Host Country. AID may direct the carriers to divert these goods to alternative destinations.

*20. LEGAL EFFECT OF AID APPROVALS AND DECISIONS: The parties hereto understand that the contract has reserved to AID certain rights such as, but not limited to, the right to approve the terms of this contract, the Supplier and any or all plans, reports, specifications, subcontracts, bid documents, drawings, or other documents related to this contract and the project of which it is part. The parties hereto further understand and agree that AID, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States government funds, and that any decision by AID to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing this project and shall not be construed as making AID a party to the contract. The parties hereto understand and agree that AID may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the project with the parties jointly or separately, without thereby incurring any responsibility or liability to the parties jointly or to any of them. Any approval (or failure to disapprove) by AID shall not bar the Purchaser or AID from asserting any right, or relieve the Supplier from any liability which the Supplier might otherwise have to the Purchaser or AID.

*These clauses are mandatory in accordance with Section 2.13 of the text.

APPENDIX N

Proposed MOH - Pharmacor Contract Arrangements



- ① Contract between MOH and PHARMACOR to include:
- a) description of services and products PHARMACOR to provide to MOH,
 - b) required AID terms and conditions,
 - c) provision for BASICS to review PHARMACOR subcontracts for inclusion of applicable AID terms and conditions, and
 - d) payment terms and documentation requirements.

Note: USAID Contracts Office to review contract before signature by both parties.

- ② Subcontracts between PHARMACOR and suppliers to include:
- a) description of products to be provided,
 - b) required AID terms and conditions, and
 - c) payment terms and documentation requirements.

Note: BASICS to review subcontracts for inclusion of USAID terms and conditions before release to subcontractors.

APPENDIX O

APPENDIX O:

DRAFT

CONTRACT FOR PURCHASE OF DRUG QUALITY LABORATORY SUPPLIES

The Ministry of Health (Department of Pharmacy) (Purchaser) hereby contracts with PHARMACOR (Supplier) for the goods and services described in the scope of work below. Goods and services procured under this contract by the Ministry of Health (MOH/DOP) are financed by USAID under the Eritrean Health and Population (EHP) project.

The estimated not-to-exceed contract price for providing the described services and goods is TBD (@\$200,000). This will be a firm fixed price contract with amendments issued to the contract to incorporate actual goods and service costs as such costs become available.

Scope of Work:

1. PHARMACOR will provide quotes (with technical specifications when appropriate) and delivery dates for the laboratory instruments, chemicals, and glassware identified in Attachment A to this contract.
2. Items quoted shall meet the technical requirements and performance specifications provided to PHARMACOR by the Ministry of Health (DOP).
3. PHARMACOR will forward any questions on specifications and requirements to Ministry of Health (DOP) for clarification.
4. All quotes will be obtained on a competitive basis (minimum two quotes for items over \$2,500.00 in unit value) from qualified suppliers.
5. For all items over \$2,500.00 in unit value for which two or more quotes were not obtained, PHARMACOR will provide documentation to justify a single quote.
6. Quotes provided by PHARMACOR will reflect a reasonable fee for PHARMACOR's services.
7. PHARMACOR will submit quotes and technical information received to Ministry of Health (DOP) for review and selection of a supplier.
8. PHARMACOR will issue purchase orders to equipment suppliers selected by PHARMACOR.
9. Purchase orders issued by PHARMACOR will include required terms and conditions as identified in this contract.
10. PHARMACOR will arrange for all goods to be delivered to Asmara in accordance with the terms and conditions of this contract.
11. PHARMACOR will keep the Ministry of Health informed of purchase order status and changes in delivery schedule.
12. PHARMACOR will provide documentation required for payment as described in the terms and conditions of this contract.

Performance of this contract by the Supplier is subject to the specific and general terms and conditions contained herein.

Specific Terms and Conditions

1. Legal Effect of USAID Approvals and Decisions.

The parties to this contract hereto understand that the contract has reserved to USAID certain rights such as, but not limited to, the right to approve the terms of this contract, the Supplier, and any or all plans, reports, specifications, subcontracts, bid documents, drawings, or other documents related to this contract and the project of which it is part. The parties hereto further understand and agree that USAID, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States government funds, and that any decision by USAID to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing this project and shall not be construed as making USAID a party to the contract. The parties hereto understand and agree that USAID may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the project with the parties jointly or separately, without incurring any responsibility or liability to the parties jointly or to any of them. Any approval (or failure to disapprove) by USAID shall not bar the purchaser or USAID from asserting any right, or relieve the Supplier from any liability which the Supplier might otherwise have to the Purchaser or USAID.

2. Payment.

Payment will be made in accordance with the terms of the financing document and will require the submission of the following documentation:

I.A. PHARMACOR submits to BASICS when goods have shipped:

1. Vendor airway bill or bill of lading,
2. Packing list,
3. Certificate of Origin,
4. Commercial invoice, and
5. PHARMACOR invoice for 90 percent of PHARMACOR total cost.

I.B. BASICS reviews above documents and submits to USAID/Asmara:

1. Completed SF 1034 voucher (or AID 1450-4 form).

II.A. PHARMACOR submits to BASICS when MOH accepts goods:

1. Receiving Report from MOH indicating goods received and accepted, and
2. PHARMACOR invoice for 10 percent balance due of PHARMACOR total cost.

II.B. BASICS reviews above documents and submits to USAID/Asmara:

1. Completed SF 1034 voucher (or AID 1450-4 form).
3. Records and Auditing.

PHARMACOR shall maintain sufficient books and records for a minimum of three years after the conclusion of this agreement, to verify compliance with the terms and conditions herein. PHARMACOR warrants that fees charged for services procured under this agreement are reasonable and customary or below those usually charged by PHARMACOR for similar work.

4. USAID Geographic Code.

The USAID geographic code for procurement under this contract is 935. PHARMACOR shall procure all goods provided under this contract from any area or country in the Free World, including Eritrea. PHARMACOR shall not procure goods from the following non-Free World countries: Afghanistan, Cambodia, Cuba, Iran, Iraq, Laos, Libya, North Korea, People's Republic of China, Syria, and Vietnam.

5. Eligibility of Supplies.

No equipment, materials, or services shall be eligible for USAID financing if offered by a Supplier included on any list of suspended, debarred, or ineligible bidders used by USAID. The Supplier must be a citizen or legal resident of, or a corporation or partnership organized under the laws of a country included in the authorized geographic code, a U.S. controlled foreign corporation within the meaning of Section 957 et. seq. of the Internal Revenue Code (26 USC 957), or a joint venture or unincorporated association consisting entirely of entities which fit the foregoing categories.

6. Eligibility of Commodities.

- a. Commodities must be shipped from a geographic code 935 country. However, commodities may be shipped to such port or bonded warehouse in the form in which received therein. Commodities must also be mined, grown, or produced in a 935 geographic code country.
- b. In addition to the foregoing, a produced commodity will not be eligible for financing if it contains any component from countries other than Free World countries.

7. Eligibility of Transportation.

Ocean and air shipments must be made on carriers under flag registry of geographic code 935 Free World countries.

8. Marine Insurance.

All marine insurance for goods shipped by PHARMACOR under this contract must be placed in a country in the authorized Free World geographic code.

9. Commodity Marking.

The Supplier shall be responsible for assuring that all commodities to be furnished under this contract and their shipping containers carry the official USAID emblem. Emblems shall be affixed by metal plate, decal, stencil, label, tag, or other means depending upon the type of commodity or the shipping container and the nature of the surface to be marked. The emblem on commodities shall be as durable as the trademark, company, or brand name affixed by the producer and the emblem on each shipping container must be affixed in a manner which assures that it will remain legible until the container reaches its destination. Such containers shall display the last set of digits of the identification number of the pertinent implementing document in characters equal in height to the shipper's markers.

10. Disputes.

In the event of disputes arising in connection with this contract, the parties shall make reasonable attempts to reach an amicable settlement among themselves prior to invoking arbitration. In the event that the parties fail to reach an amicable settlement among themselves within forty days, the dispute shall be decided under the Rules of Conciliation and Arbitration of the International Chamber of Commerce.

11. Taxes.

All goods procured under this contract by PHARMACOR shall be free of all taxes, fees, levies, customs, or other impositions imposed under the laws of the Government of Eritrea. This exemption includes all customs, duties, and registration fees.

12. Vesting of Title and Diversion Rights.

USAID reserves the right to vest in itself title to the goods financed under this contract, provided that such goods are in a deliverable state and have not yet been off-loaded in ports of entry in Eritrea. USAID may direct the carriers to divert these goods to alternative destinations.

13. Amendments.

Any amendment to this contract is subject to the prior written approval of the USAID Contracts Office/Addis Ababa.

14. Subcontract Review.

PHARMACOR hereby agrees to allow USAID Contracts Office/Addis Ababa, or its designee (BASICS), to review subcontracts issued by PHARMACOR under this contract to assure USAID terms and conditions are included as required.

General Terms and Conditions:

1. Agreement and Acceptance. This contract, the terms and conditions provided here, and any and all documents incorporated into this contract by reference shall constitute the entire Agreement between the Ministry of Health (DOP) and PHARMACOR with respect to the subject matter herein and supersedes any prior agreements, oral or written, which relate to this transaction. An acknowledgment which rejects, adds to, or conflicts with any provision of the terms and conditions herein set forth shall be deemed to be a counteroffer to the Ministry of Health (DOP) and shall not be binding upon the Ministry of Health (DOP), unless acceptance thereof is made in writing to PHARMACOR. If PHARMACOR does not accept or is unable to accept the contract as written, the contract shall be returned to the Ministry of Health (DOP) within 10 days, indicating the reasons for nonacceptance. Performance of any part of this contract shall be deemed to be acceptance of the entire agreement.
2. Amendments. This contract shall not be modified except in writing. Any change to the substance of the contract shall be incorporated into an amendment and presented to PHARMACOR for approval. The absence of a response from PHARMACOR to such an amendment shall be regarded as approval.
3. Nonperformance. The Ministry of Health (DOP) may cancel this contract in whole or in part in the event that PHARMACOR is unable or unwilling to deliver any of the items purchased within the time provided by the delivery schedule, or otherwise violates any conditions of the contract, or if it becomes evident that PHARMACOR is not conducting work in accordance with the requirements or with such diligence as to permit delivery on or before the delivery date. In such event, the Ministry of Health (DOP) shall have all of the rights and remedies prescribed by law for PHARMACOR's breach of contract.
4. Warranty. PHARMACOR warrants that (1) the goods and services provided under the contract will be supplied according to specifications, and that all items provided shall be new, without aesthetically degrading marks or flaws, and of the most suitable grade of their respective kind for the intended purpose. PHARMACOR further warrants that the goods provided under this agreement shall have no defect arising from design,

material, or workmanship. PHARMACOR shall, within a reasonable time after receipt of written notice thereof, make good, at its own expense and without any cost to the Ministry of Health (DOP), any defects which may appear during a period ending on a date 12 months after delivery. The foregoing warranties are in addition to all other warranties, whether expressed or implied, and shall survive any delivery, acceptance or payment by the Ministry of Health (DOP). The warranty extends to partial shipment.

5. **Inspection/Defects.** The Ministry of Health (DOP) or its designees shall have the right to inspect and/or test the goods to confirm their conformity to the contract. If materials or goods are found to be defective, PHARMACOR shall promptly arrange to repair or replace such materials or goods.
6. **Packing.** PHARMACOR shall arrange for the packing and preparation of goods as is required to prevent their damage or deterioration during transit to their final destination.
7. **Assignment.** This contract, or any rights or obligations arising thereunder, shall not be assigned or delegated by PHARMACOR without prior written consent of the Ministry of Health (DOP) and the USAID Contracts Office/Addis Ababa.
8. **Notices.** Any notice required or provided for by the terms of this contract shall be in writing.
9. **Governing Law.** This agreement is to be construed in accordance with the laws of the State of Eritrea.
10. **Government regulations.** PHARMACOR warrants that all goods and services sold hereunder shall have been delivered and furnished in strict compliance with all applicable laws and regulations of the State of Eritrea to which they are subject.

TDRP4549.ApO

APPENDIX P

Annex P
Proposed PHARMACOR payment plan

0% payment:

<u>Supplier Documents</u>	<u>PHARMACOR</u>	<u>BASICS</u>	<u>AID Asmara</u>	<u>AID REDSO</u>	<u>AID Paris</u>
Airway Bill/Bill of Lading	1	1	1	1	
Packing List					
Certificate of Origin					
Commercial Invoice	Pharmacor invoice for 90% of total cost to be incurred by Pharmacor	2	2	2	
		Prepares SF 1034 voucher or AID 1450-4	3	3	
			Administrative Approval	4	
				Approves Payment	5
					Releases Payment

Summary: Suppliers documents are forwarded to Pharmacor at time of shipment. Pharmacor forwards shipping documents and their 90% invoice to BASICS. BASICS reviews shipping documents and invoice and prepares SF 1034 voucher. BASICS forwards the documents, invoice and completed voucher to AID Asmara. AID Asmara reviews documents approves voucher and forwards to AID REDSO. AID REDSO reviews all documents and forwards payment approval to AID Paris. AID Paris issues payment to Pharmacor.

0% payment:

<u>MOH</u>	<u>PHARMACOR</u>	<u>BASICS</u>	<u>AID Asmara</u>	<u>AID REDSO</u>	<u>AID Paris</u>
Receiving Report confirming goods received and accepted	1	1	1	1	
	Pharmacor invoice for final 10% of total cost	2	2	2	
		Prepares SF 1034 voucher or AID 1450-4	3	3	
			Administrative Approval	4	
				Approves Payment	5
					Releases Payment

Summary: MOH forwards Receiving Report to Pharmacor. Pharmacor forwards Receiving Report and 10% invoice to BASICS. BASICS reviews receiving report and invoice and prepares SF 1034 voucher or AID 1450-4 form. BASICS forwards the receiving report, invoice and completed voucher to AID Asmara. AID Asmara reviews documents approves voucher and forwards to AID REDSO. AID REDSO reviews all documents and forwards payment approval to AID Paris. AID Paris issues payment to Pharmacor.

Note This proposed plan requires further discussion between AID Asmara and BASICS regarding BASICS role in preparing the SF 1034 voucher or AID 1450-4 form. Also proposed payment plan needs to be reviewed by AID Contracts Office for consistency with any Project Implementation Letter issued.

APPENDIX Q

**APPENDIX Q: Catalogs of Medical Equipment, Chemicals and Diagnostic Suppliers
provided to BASICS by PATH**

Harvard Drug Exchange

Baxter Hospital Supply

VWR Scientific

Acros Fine Chemicals

Becton Dickinson Diagnostics

Unisource

Fischer Scientific

General Hospital Supply

Sigma Fine Chemicals

Difco Diagnostic Products

Note: Above catalogs hand carried to Asmara by BASICS Operations Officer Carolyn Kruger the week of March 11, 1996, for distribution to Dr. Melles Seyoum, Central Laboratory, and Mr. Fessehatsion Markos, Pharmacor.

TDRP4549.ApQ