

Information sheet

Date: 16 October 2015

Award of contracts for supplies and services

The subsidy shall be used cost-effectively and economically. When bids of equal merits are received, preference shall be given to bids from the project country or neighbouring region, or other partner countries of development cooperation, over procurements in industrialised countries.

1. If procurement in Germany is nevertheless unavoidable, the following points must be observed:

- Include transport costs.
- Duty-free import is expected and this possibility must be verified.
- Examine import restrictions.
- Select the least expensive method of payment.
- Take advantage of VAT refund.
- The obligations of the project executing agency arising from § 98 of the German Act against Restraints of Competition (GWB) and the Regulation on the Award of Public Contracts (VGV) to apply the VOB/A or VOL/A or other procurement regulations, are effective.

Procurement note

A procurement note must always be produced for contracts worth € 500 or more. This should include both an explanation of why the procurement was necessary, and how the decision to award the contract to the bidder submitting the most cost-effective bid was reached

Procurement in Germany/the EU by the Recipient Subsidy amount less than or equal to € 100,000	
Value of contract (excluding VAT)	Procurement procedure
≤ € 500	Direct purchase in compliance with the principles of cost-effectiveness and economy , documentation of market research/not necessary to obtain bids
> € 500 to € 4,000	Direct award, bids must be obtained from at least three bidders and documented transparently (note on telephone call, online printout)
> € 4,000 to € 15,000	Direct award, at least three bids must be obtained in writing
> € 15,000	Restricted tender procedure, invitation to tender with terms of reference to at least five bidders, formal procedure pursuant to §§ 12 ff VOL/A

Procurement in Germany/the EU by the Recipient	
Subsidy amount over € 100,000 or Recipients falling under § 98 GWB	
Value of contract (excluding VAT)	Procurement procedure
≤ € 500	Direct purchase pursuant to § 3 Section 6 VOL/A in compliance with the principles of cost-effectiveness and economy , documentation of market research/not necessary to obtain bids
> € 500 to € 4,000	Direct award, bids must be obtained from at least three bidders and documented transparently (note of telephone call, online printout)
> € 4,000 to € 15,000	Direct award, at least three bids must be obtained in writing
> € 15,000 to € 50,000	Restricted tender procedure, invitation to tender with terms of reference to at least five bidders, formal procedure pursuant to §§ 12 ff VOL/A
> € 50,000 to € 143,999	Public invitation to tender to an unlimited group of bidders, formal procedure pursuant to §§ 12 ff VOL/A
> € 144,000	Europe-wide tendering procedure pursuant to EU regulations, GWB, VGV and 2nd Section of VOL/A

2. In case of procurement in the partner country by the partner, the following points must be observed:

- The procurement of supplies and services must be subject to competition.
- The results of the enquiries concerning prices must be documented in a procurement note that includes both an explanation of why the supplies and services need to be procured, and how the decision to award the contract to the bidder submitting the most cost-effective bid was reached.

Procurement in the partner country (by the project executing agency)	
Value of contract (excluding VAT)	Procurement procedure
≤ € 500	Direct purchase in compliance with the principles of cost-effectiveness and economy , documentation of market research/not necessary to obtain bids
> € 500 to € 4,000	Direct award, bids must be obtained from at least three bidders and documented transparently (note of telephone call, online printout)
> € 4,000 to € 15,000	Direct award, at least three bids must be obtained in writing
Where applicable > € 15,000	If formal procurement procedures are customary in the partner country (particularly for construction contracts and large supply contracts), procurement should be based on these types of procedure wherever expedient, even if applying them is not mandatory for NGOs. Otherwise: Direct award, at least three bids must be obtained in writing