

**CONDITIONS OF CONTRACT FOR THE CALL FOR BIDS  
FOR THE SALES OF 300 METRIC TONS OF VEGETABLE OIL  
PROVIDED THROUGH THE PL-480 TITLE II PROGRAM**

Africare proposes to implement The Dinguiraye Food Security initiative Project in the Republic of Guinea beginning in 1996. For implementing this project Africare has been designated by USAID as a cooperating sponsor eligible to receive food products from PL-480 Title II for monetization in Guinea. In the framework of this activity Africare will receive approximately 300 metric tons of vegetable cooking oil for monetization in March/April 1996.

This vegetable oil will have the following specifications:

Deodorized, refined and partially hydrogenated (i.e., combined with hydrogen) to improve storage stability. "Winterized" to ensure retention of liquidity over a wide temperature range. Bleached to lighten color. Stabilized with citric acid and sometimes with monoisopropyl citrate, butylated hydroxy toluene to improve storage stability and flavor.

This vegetable oil will be sold to economic operators indirectly through the tender bids process, following the conditions below:

**1 - Qualifications of Bidders**

To be able to participate in the process of the call for bids, all interested purchasers must:

- i) be an economic operator, having a fixed office and fiscal status for the year 1996, and having at least three years of experience in selling food stuffs such as flour, sugar, rice, vegetable oils, and other food materials;
- ii) have a warehouse large enough to stock the quantity vegetable oil solicited;
- iii) have the financial resources necessary to make payment in one of two manners described in point 4 of this document;
- iv) not have debts with Africare, USAID, other donor organizations or the Government of Guinea;

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- v. pay a bid bond of 1,500,000 FG to the account "Africare PL-480 Compte de Caution" at the .....

This bid bond will be immediately reimbursed to all winning and losing bidders after the signature of sales contracts. For the winning bidders appearing on the original auction list and having been incapable of satisfying the conditions of payment, stipulated below in point 4, during the sales contract signature period, the reimbursement will not take place until 3 months after the departure on the vessel.

### **2 - Lot Size and Quantity**

The vegetable oil will be sold by lots of 2,708 pails of 20 liters. In total, one lot will have 54,160 liters of vegetable oil, approximately 50 metric tons of vegetable oil. Interested buyers can bid for multiple lots up to a maximum of 2 lots for the same price. Therefore, the smallest quantity of vegetable oil offered through the present call for bids will be 1 lot and the largest quantity 2 lots.

The vegetable oil will be sold in 20 liter pails. Buyers cannot refuse the oil because of the condition of the pails. Pails somewhat dented will be delivered with the same title as pails which are not dented.

### **3 - Pricing Procedures**

A uniform price will be used for all of the sales. The sale price will be determined by the auction itself. All qualifying bids will be classified by decreasing price. Starting from the highest offer price, lots of oil will be awarded according to quantities solicited by each offer, until the complete shipload of oil is exhausted or the reserve price is reached. The price produced at that level is called the stop-out price. This stop-out price will be the sale price for all the vegetable oil.

The following costs should be taken into consideration by the interested purchasers at the time of the formulation of their offer prices: the international market price for vegetable oil from different locations, the gross price of oil in Conakry, and the cost of financing the purchase. Other costs associated to the exportation of vegetable oil from an American port, such as the ocean freight, insurance, customs and transportation between the entry port and the warehouse do not have to be included directly in the offer price, even though the land transportation costs must be assumed by each winner.

### **4 - Payment Terms**

Bidders may use, at their convenience, one or the other of the following two methods of payment:

Bidders choosing this option must make a cash payment for the total value of their purchase by bank check or certified of the contract;

Option 2: Payment at the signature of the contract with a bank

Bidders choosing this option must make payment in two phases:

1. A payment of 25% of the value of the or by 1996."

A payment of the remaining 75% with an irrevocable bank payable over a term of 90 days after the departure of the vessel, as follows:

25% of the value of the contract 30 days after the departure of the vessel,  
25% of the value of the contract 60 days after the departure of the vessel,  
25% of the value of the contract 90 days after the departure of the vessel,

will be in Guinean Francs, at the rate of the date of payment.

## 5 - Contents of Offers and Bids

To be taken into consideration, the offers must use a double having written on it **Offer for Vegetable Oil PL-480**)

i ) in the interior envelope:

- ✓ the bid form and (included in this Cahier des Charges); and,

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ii. in the exterior envelope:

- ✓ the questionnaire (included in this Cahier des Charges;
- ✓ the deposit receipt for the bid bond of 1,500,000 FG in the account of "Africare PL-480 Titre II Compte de Caution" at the Banque Internationale pour le Commerce et l'Industrie (BICIGUI);
- ✓ the sealed envelope (containing the offer form) indicted in point 5(I).

If the offer does not contain all of the above elements or if the forms provided are not filled out by the accompanying instructions, the offer will be disqualified.

### **6 - Dates for Depositing Offers, Opening of Envelopes and Publication of Call for Bids Results**

See points (4) and (5) of the notification. All offers submitted after the final date will be rejected.

### **7 - Use of the lists of winners**

- i) Conforming to the procedures establishing the price of the call for bids, the lots of vegetable oil will be awarded to the bidders for the quantities indicated and following the list of acceptable offers, from the highest offer price to the stop-out price (the stop-out price being the tender price of the last lot of the shipload). This list will be the original bids list.
- ii) A substitution list, classing in the same manner all the acceptable offers above the stop-out price, will be maintained until the end of all the sales. This substitution list will be used if certain winners are not able to meet their financial obligations in signing a contract and it is necessary to select substitute winners.

### **8 - Announcement of the Auction Results**

- i) The results of the call for bids will be published, indicating the stop-out price and the names of the winners or successful bidders on the original list as well as the quantities sold to each one. The contents of the substitution list will not be made public, but the bidders can be informed on demand, to the Africare Monetization Coordinator, of their position on this

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substitution list (for example, the second substitution position).

- ii) The winning bidders will not be informed in writing. They have 10 business days (approximately between the ..... and the ..... March) to confirm their bid and sign a sales contract (copy attached). No negotiation over the final payment price and the purchased quantities will happen after the announcement of the results.

### **9- Procedures for Leaving the Port and Distribution of the Vegetable Oil**

A single transportation company will be recruited to act in the name of Africare, to assure the logistics from the port to the winning bidders warehouses in a zone of 35 km of the port.

- i) The winning bidders must pay the cost of transportation from the port to their warehouses, and this payment must be deposited in the account of the contracted transportation company.
- ii) The transportation company will be selected by Africare through a competitive call for bids. The conditions of contract concerning this will be written by Africare.
- iii) A delivery calendar for the vegetable oil to the winning bidders will be prepared by Africare during the 2 weeks following the announcement of the results of the call for bids. This delivery calendar must coincide with the arrival of the vessel. The delivery calendar will be established on the basis of the promptness with which the bidders manage to complete their payment obligations, the quickest being the delivered the first.

### **10 - Transfer of Title and Property**

- i) The title to the commodity will be considered transferred as follows: from the Government of the United States of America to the shipping company at the time the vessel is loaded in the U.S. port; from the shipping company to Africare at the time the commodity is released from the vessel's tackle; from Africare to the transportation company at the time the commodity enters the transportation company's vehicle; from the transportation company to the winning bidder when the

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commodity is delivered to the warehouse of the winning bidder.

- ii) Losses suffered in each phase of the transfer of the oil from the United States to the warehouse of the buyer will be the responsibility of the entity having at that moment the title to the commodity. A final report will specify the losses suffered during the ocean transport, and the manner in which they will be assumed by the shipping company. A report on the unloading of the vessel will record the losses suffered during the unloading, losses that will be covered by the shipping company. A delivery report will document all the losses suffered during the land transit, and these losses in particular will be covered by the transportation company.
  
- iii) Africare will send representatives who will assure the supervision of the port operations and the delivery to the warehouses, buyers are requested to monitor the delivery from the port to their warehouses as well.

### **11 - Insufficient Quantity**

- i) The deliveries will be made conforming to the delivery calendar established as indicated in point 9(iii) of this conditions of contract document. In the case where less oil is received than foreseen or that the commodities are damaged, complete delivery will be assured to bidders who pay off their financial obligations the quickest. If the lost quantity is large, the list of winners will be adjusted by eliminating the bidders on the bottom of the list until the quantity of oil available is equal to the quantity requested.
  
- ii) Buyers will pay the price corresponding to the quantity received.
  
- iii) The damaged commodity will be taken from the shipment when it is unloaded. It will be offered for sales later at a publicly announced price.

### **12 - Auction Cancellation**

Africare reserves the right to annul the auction.

### **13 - Sales Contract and Delivery Notices**

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Sales contracts and delivery authorizations will be prepared by Africare.