

Suppliers Relationship Management Guide

Emirates Health Services Establishment

Purchasing and Contracts Department

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Terms and Definitions

S.N.	Term	Definition
1	Supplier	Any natural or legal person EHS signs or desires to sign a contract with, to secure its purchases. This includes suppliers and supply commodities, contractors to implement and establish works, and service providers to provide different types of services.
2	The Requesting Entity	The establishment, sector, or directorate who are benefiting from the supply processes.
3	Resolution No. 04/2019	The Cabinet Resolution No. (04) of 2019 concerning Procurement Regulation and Storehouses Management at the Federal Government.
4	EHS	Emirates Health Services Establishment
5	Suppliers List	A database containing data of suppliers such as the name of the company, addresses, types of materials and services provided, and other relevant information.
6	Purchasing and Contracts Department	Regulatory unit that undertakes procurement actions, responsibilities, and procedures at EHS.
7	Award Letters	A notice of award EHS sends to notify the winning bidder of acceptance of their bid, and the winner bidder shall submit a performance bid besides any other exhibits stipulated by the award letter as per the provisions of this resolution.
8	Bank Guarantee	A written undertaking issued based on the supplier's request from any of the public banks in favor of EHS, to ensure the supplier's fulfillment of their contractual obligations.
9	Purchase Order	An order directed by one of regulatory units at EHS to the Purchasing and Contracts Department in a purpose of procurement of commodities or services or implementation of works.

Objectives of the Guide

- Enhancing the mechanisms of suppliers management to optimize the highest level of services.
- Ensuring sound planning to manage and promote relationships with suppliers.
- Ensuring effective communication and outreach with suppliers.
- Updating accredited suppliers in EHS supplier database.
- Ensuring transparency and integration in dealing with suppliers.

Procedures of Communication and Outreach with Suppliers

EHS contacts its suppliers through a number of communication channels, accredited as government communication and outreach mechanisms, for example:

- Direct meetings with suppliers
- Phone calls with suppliers (direct-dial numbers/ EHS call center 8008877)
- Emails
- Annual surveys

Mechanism of Spreading Awareness on Suppliers Procedures at the Purchasing and Contracts

Department

EHS spreads awareness on its accredited mechanisms of purchasing and contracts procedures based on the following:

- Publication and dissemination of suppliers' guide and publication it on the EHS website in Arabic and English; EHS also publishes hard copies of the guide and delivers it to suppliers during meetings.
- Display of the mechanisms that EHS follows in its processes during direct meetings with suppliers.

- Dissemination of procedures through several channels (such as emails, EHS website, etc.).

Procedures of Receiving Proposals and Complaints of Suppliers

EHS has specified a number of channels through which suppliers can submit their complaints or proposals.

These channels include:

- Direct meetings with suppliers
- Emails
- Surveys to measure suppliers satisfaction

Complaints and Proposals Committee receives all proposals and complaints from the suppliers and determines the proper responses or takes improving procedures based on the contents of the complaint or proposal. Then the supplier notified of the improving procedures taken based on his submitted proposal or complaint.

Procedures of Measuring Suppliers' Views and Satisfaction

Suppliers' vires and satisfaction is measured through the following mechanisms:

1. Annual Survey:
 - Counting EHS suppliers and retrieving the suppliers' list, containing their data, from the suppliers database.
 - Creating a list of questions where suppliers' opinions are wanted.
 - Hiring a consulting company to ensure neutrality in measuring suppliers' views and satisfaction.
 - Such company prepares surveys for suppliers and contacts them.
 - When the company is done with collecting data from suppliers, it analyzes the results and sends them to EHS;

- The results of remarks/proposals of suppliers are reviewed and an improvement plan is set based on that results.

Suppliers Selection and Accreditation Procedures

Suppliers are selected based on the requirements and technical studies of EHS requesting entities, provided that suppliers meet the following criteria:

1. The supplier must meet the special terms set by EHS respecting the subject of the contract.
2. The supplier must be registered at the suppliers list at the MOF (Ministry of Finance) as per the following terms:
 - In case the supplier is a natural person, s/he must be an Emirati national.
 - In case the supplier is a legal person, it shall be one of the companies duly registered in UAE and subject to the provisions of Federal Law no. (2) of 2015 concerning Commercial Companies as amended, or any other legislation to replace it.
 - Branches of foreign companies registered at the UAE free zones may be registered, provided that such branches are duly registered in UAE outside free zones. Medicine suppliers are excepted from these criteria.
 - Supplier must be authorized to practice commercial activities in UAE.
 - Supplier must not be banned from participating in tenders and practices by any federal authority.
 - Supplier must not be a partner to one of EHS employees.

Suppliers Registration/ Renewal Procedures

- Registration as a supplier via Ministry of Finance official website through the below link
<https://www.mof.gov.ae/en/mservices/corporate/isupplier/pages/newregistration.aspx>
- For further clarification:
 - Email: Purch.csc@ehs.gov.ae
 - Tel: 04/6656231 – 04/6656204

Participating in Tenders

- Viewing EHS tenders and practices through the official website of Ministry of Finance
<https://www.mof.gov.ae/en/mservices/corporate/isupplier/pages/tenders.aspx>
- For further clarification:
 - Email: Purchasing.t@ehs.gov.ae
 - Tel: 04/6656266

Purchasing and Contracts Procedures

EHS acts upon Resolution no. (04) of 2019 respecting purchasing and contracting procedures, concluded as follows:

Purchasing Procedures:

General Procedure (Tender)

General Tender which its value exceeds 10,000,000 DHS, published on Ministry of Finance website.

Tender is sold with a fees at the Customer Happiness Center at EHS headquarters and website according to the tender value.

1. A deadline is set for submitting bids.

2. The participating bids are transferred to the Bid Opening Committee.
3. Bids are transferred to the Technical Committee for study.
4. Bids are transferred to one of the bids and awards committees for selection of the best company in terms of quality and price.
5. A purchase order or contract is issued for the winning supplier and an award letter is sent thereto.
6. The supplier is requested to submit a bank guarantee of 10% of the Purchase Order/Contract value or if the purchased material has a guarantee.
7. The purchase order or contract is given to the supplier for signature thereof.

Restricted Procedure (Practice)

The practice value is more than 250,000 DHS and less than 10,000,000 DHS.

1. The practice is published on Ministry of Finance website.
2. The supplier submits a bank guarantee of 5% in case the proposal value exceeds 1,000,000 DHS for the supplying contracts, and more than AED 3,000,000 for consultancy contracts, and it shall be by virtue of a guarantee letter issued by one of the banks working in the united Arab Emirates, written in Arabic, unconditioned & Irrevocable, and for a period of a 90 Days which starts from the date of its presentation
3. A deadline is set for submitting bids.
4. The participating bids are transferred to the Bid Opening Committee.
5. Bids are transferred to the requesting entity for technical study.
6. Bids are transferred to one of the bids and awards committees for selection of the best company in terms of quality and price.
7. A purchase order or contract is issued for the winning supplier and an award letter is sent thereto.
8. The supplier is requested to submit a bank guarantee of 10% of the Purchase Order/Contract value or if the purchased material has a guarantee.
9. The purchase order or contract is given to the supplier for signature thereof.

Purchase by Direct Order

Purchase by direct order is used in the following cases:

1. The existence of a sole source for the supply of materials, provision of services, or implementation of works.
2. Declaring a state of national emergency.
3. Extreme necessity of supplying materials, providing services, or implementing works.

Award

- Implementation of the contract shall commence after 8 working days from the day following handover of the written award letter.
- In case the winning supplier fails to sign the contract, submit or complete the performance bond without an acceptable excuse within (10) days as of the date of notification thereof in writing or electronically, such supplier shall be deemed to have withdrawn from the contract. The supplier shall be banned, upon a decision of the Purchasing and Contracts Department and a recommendation of the Purchasing Committee, from participating in tenders for a minimum period of one year. The bid bond shall be forfeited and a fine of (10%) of the value of the materials, services, or works shall be imposed as administrative charges.

Bank Guarantee Letters

Bid Bond

- A bid bond shall be offered along with each bid whose value exceeds (1,000,000) one million DHS and more than AED 3,000,000 for consultancy contracts. This shall be in the form of an unconditional and irrevocable bank guarantee letter issued for EHS by one of the banks operating in UAE. Value of the bid bond shall be determined by the Purchasing Committee and Purchasing and Contracts Department, provided that it shall not be less than (5%) of the estimated value of the bid.

Performance Bond

- Supplier shall submit a performance bond in the form of an unconditional, irrevocable and renewed automatically bank guarantee letter issued for EHS by one of the banks operating in UAE, in case the value of the winning bid exceeds (1,000,000) one million DHS. Value of the performance bond shall be determined by the Purchasing Committee and Purchasing and Contracts Department, provided that it shall not be less than (10%) of the estimated value of the bid and no bank interest shall be applied to the value of the bond.

Contracting Procedures

- a. Except for contractor and works implementation agreements, all contracting models, contracts of service provision and material supply; purchase orders; assignment orders; models of purchase orders for materials, services, or works; including receipt models, shall all be approved models prepared ahead by EHS.
- b. All such models shall be kept by EHS Purchasing and Contracts Department.

Penalties and Fines

1. In case the supplier delays supply of all or part of the required quantities, completing the required works and services or any part beyond the agreed date, or the materials are rejected due to non-compliance with specifications, EHS shall be entitled to take any of the following actions:
 - a) Granting the supplier an additional period to supply, in case it deems this favorable to its interest. In such case, prior consent of the regulatory unit requiring purchase shall be obtained. The additional period of supply may not exceed (10) ten days;
 - b) Imposing on the supplier a delay fine of (1%) of the value of the delayed materials for all or part of the first week of delay and (2%) for each following week or part thereof, provided that the fine may not exceed (10%) of the value of the delayed materials.

2. In case the delayed materials are not supplied within the period stipulated in Clause (a) of Paragraph (1), Or if the delay penalty imposed on the supplier reaches (10%) of the delayed material value, EHS shall be entitled to take any of the following two actions:
 - a) Purchasing the materials at the expense of the supplier that shall incur the difference in prices as well as administrative charges of (10%) of the value of the materials purchased at the supplier's expense, besides termination of the contract;
 - b) Termination of the contract, forfeiture of the performance bond, and claiming proper indemnity agreed upon in the terms of the contract.
3. In case the supplier, within (20) twenty days as of the date of the event that caused the delay, submits to the Purchasing Committee documents proving that such delay has been caused by a force majeure or unforeseen circumstances beyond the supplier's control, the committee may consider whether or not to exempt the supplier from the delay fine.
4. The supplier may resort to EHS Grievance Committee to contest the decision of the Purchasing Committee in case the decision is against the supplier. In case the supplier submits no documents within the period stipulated in Paragraph (3) of this article, this shall be deemed acknowledgement on the part of the supplier of the absence of any justifications for the delay. Accordingly, the supplier shall lose the right to object to any of the fines imposed as a result.

Categorization and Assessment of Suppliers

Initial Categorization of Suppliers

- EHS has created a suppliers list within an electronic system and categorized suppliers according to the kind of products or services they provide.

Assessment of Suppliers Performance

- Purchasing and Contracts Department shall assess suppliers annually through a committee relying on a number of standards as per Article (11) of Resolution no. (04) of 2019. Such standards include the following:

Assessment Standards	Standards Ratings
<ul style="list-style-type: none"> • Quality of the materials/services provided by the supplier. (This standard includes material or service quality / price / service level) 	25
<ul style="list-style-type: none"> • Supplier's speed and efficiency in supplying/providing services. (This standard includes compliance with the delivery predetermined schedule) 	20
<ul style="list-style-type: none"> • Supplier's ability to respond to EHS requirements. (This standard covers the extent of cooperation and responsiveness to requirements / effectiveness of supplier's communication / discount rate) 	20
<ul style="list-style-type: none"> • Supplier's commitment to and performance of post-sale services. (This standard includes team experience / level of the availability of technical support) 	10
<ul style="list-style-type: none"> • The existence of any fines against the supplier 	25
Total Points	100

Final Categorization of Suppliers

After reviewing the assessment results, suppliers are categorized based on the points granted thereto by the end user as per the following categorization:

Category	Assessment Scale
Golden supplier	90 – 100
Silver supplier	80 – 89
Bronze supplier	70 – 79

Supplier Incentives

EHS creates incentives for suppliers based on their annual appraisals, and suppliers are to be recognized through several means, including:

- Engaging suppliers in the initiatives adopted by EHS;
- Honoring distinguished suppliers by granting them categorization certificates based on the following categories (golden supplier/ silver supplier/ bronze supplier) at EHS Partners Board based on their appraisal results.

Support of SMEs Purchases

Based on the Cabinet Resolution no. 7/167 and /5 of 2015 concerning Providing Privileges to SMEs, EHS supports small and medium enterprises as per the terms below:

1. Granting national owners of small and medium enterprises a (100%) exemption from registration charges in the suppliers record list for the first two years following association of the enterprise.
2. Granting national owners of small and medium enterprises a (100%) exemption from submitting a performance bond in case the contract value is no more than (250,000) DHS and the work

implementation term is no longer than 90 days, provided that there is no advance payment. EHS shall retain 5% of the value of each due and payable invoice, or 10% of the total value of the final invoice, whichever is higher, and for 3 months after final delivery.

3. Allocating for national owners of small and medium enterprises a number of purchase orders and tenders (publications, stationary, gifts, electronics) of a maximum value of (200,000) DHS for each contract or transaction, and direct contracting with them in transactions whose value does not exceed (15,000) DHS, for the first two years following association of the enterprise.

References

- The Cabinet Resolution No. (04) of 2019 concerning Procurement Regulation and Storehouses Management at the Federal Government.
- The Cabinet Resolution no. 7/167 and /5 of 2015, concerning Providing Privileges to SMEs.