

**CCFSA** CLIMATE  
CHANGE AND  
FOOD  
SECURITY  
ASSOCIATION

# Procurement of Goods and Services Policy

## PROCUREMENT OF GOODS AND SERVICES POLICY

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|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Member:                   | <ul style="list-style-type: none"><li>• all board members/trustees, board committee members</li><li>• all association employees, secondees, interns and volunteers; and</li><li>• all consultants/contractors/suppliers (including internal consultants with an association email address)</li><li>• all association partners</li></ul> |
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## **1. INTRODUCTION**

### **1.1. Purpose**

Procurement is the process of using funds entrusted to CCFSa to purchase from third parties goods and services that are needed to achieve the objectives for which these funds were made available.

The purpose of this Policy on Procurement of Goods and Services (hereafter the “Policy”) is to minimise procurement-related risks by establishing the standards for professional procurement to ensure that CCFSa obtains Value for Money in all its procurement activities, and that procurement is conducted in a transparent, efficient and cost-effective manner that respects sustainability, the environment and ethical principles.

### **1.2. Responsibility for Policy**

The management board is responsible for procurement standards and procedures and for overall oversight of the conduct of procurement activities. The Procurement Officer reporting directly to the management board, has the mandate to make detailed enquiries about any procurement activities carried out on behalf of CCFSa in order to ascertain compliance with this Policy.

### **1.3. Policy, Standard Operating Procedures and Guidance**

This Policy includes a number of Procurement Standard Operating Procedures (SOPs) designed to implement the principles laid down in this Policy under particular circumstances.

SOPs have the advantage of providing detailed practical instructions to Purchasers, which will enable them to run a procurement in line with best practice without having to expend time and effort on deciding on how best to implement the policy.

The Procurement SOPs form an integral part of this Policy and compliance with the relevant SOP is mandatory. However, the SOPs are also stand-alone documents that may be reviewed and amended by the management board from time to time, for example in order to adapt to changes in organisational structures or available technology.

In addition to the SOPs, CCFSa’s Procurement Officer may issue formal Guidance on details of the procurement process, for example on what to consider when writing terms of reference or evaluation criteria. Following such Guidance will be discretionary.

### **1.4. Non-Compliance**

The Procurement Policy is a crucial element in ensuring CCFSa meets its fiduciary obligations, and in preventing fraud, corruption and other mal-administration of funds. Non-compliance with this Policy risks that the affected purchases are deemed ineligible for reimbursement by the donor, could cause serious damage to CCFSa’s reputation, and may constitute fraud.

Every individual involved in the procurement process on behalf of CCFSa is required to be familiar with this Policy and to abide by it. Non-compliance may be considered a breach of the Code of Conduct.

Procurement may never be approved after the fact.

### **1.5. Training and Guidance**

The Procurement Officer is primarily responsible for providing training and guidance on the application of this Policy.

## **2. APPLICABILITY**

### **2.1. What?**

This Policy applies to all transactions for the purchase of goods, works and services using funds managed by CCFSa Secretariat, including but not limited to:

- Consultancies and other professional services;
- Office leases and related maintenance services;
- IT software licences, hardware and services;
- Design, editing, translation and other publication services
- Travel and travel-related services.

This Policy does not apply to employment contracts, nor to the selection of implementing partners and grant recipients.

Procurement activities carried out by Implementing Partners and Grant Recipients using CCFSA funds are governed by a separate policy.

## **2.2. Who?**

The Policy applies to all persons conducting procurement activities on behalf of CCFSA, regardless of their location or contractual terms, including CCFSA employees, Commission members, interns, junior professionals, secondees and consultants.

## **2.3. Donor Requirements**

Where a purchase is funded by restricted funding, CCFSA's donors may prescribe specific procurement rules and procedures. These donor requirements may be less stringent than CCFSA's own rules, or they may add further requirements to CCFSA's own. On rare occasions, the requirements may even conflict with CCFSA's.

In all these cases, there is extra effort, and therefore costs, for CCFSA in terms of becoming familiar with, implementing and monitoring compliance with the donor's rules, even if these are less stringent than CCFSA's. In negotiating donor contracts, CCFSA shall seek, to the greatest possible extent, agreement to use CCFSA's procurement policy and procedures and avoid additional procurement requirements or restrictions.

Whatever the relevant donor's requirements, this Policy nonetheless applies and must be adhered to in full. In other words, donor requirements must be treated as "in addition to" rather than "instead of" the requirements stated in this Policy.

For example, where the donor's approval is required for awarding a contract without competition, this does not mean that a contract may be awarded without competition as long as the donor agrees. The donor's approval will be needed in addition to CCFSA's internal approval process for such awards. All CCFSA's relevant internal approvals must be given before the donor's approval may be sought.

By contrast, the SOPs determine a particular process for achieving the requirements stipulated in this Policy. It is permissible to deviate from the SOPs, for example by using the donor's template documents rather than CCFSA's. However, any such deviation must be approved by the Procurement Officer before signing the donor contract.

Examples of additional donor requirements include but are not limited to:

- a lower threshold for competitive bidding;
- additional blacklisting checks and eligibility criteria;
- a larger number of Bids required in an invitation procedure;
- a specific and narrower list of permissible justifications for exception from competition;
- particular publication or reporting requirements;
- use of specific procurement templates (e.g. RfP, contract);
- approval of procurement decisions by the donor (non-objection).

## **2.4. Project Proposals**

Under most circumstances, procurement is carried out as part of regular project activities. However, if, for whatever reason, a Contractor (i.e. a consultant or service provider) needs to be named in the project

proposal or other document to be sent for approval by a donor, then the procurement process to select this Contractor, including relevant approvals, must take place before the document is submitted to the donor.

## **2.5. Procurement Plans**

It is highly recommended to set up procurement plans at the project or unit level. A project plan is a schedule that lists all significant intended purchases, the procurement procedure to be followed, and the dates during which the procurement will take place. Procurement plans are usually made annually or for the course of a project. They should be updated at regular intervals, but not usually more frequently than quarterly.

As a rough guide, it should be estimated that a competitive procurement process for between 25,000 and 100,000 EURO takes five weeks, and a process for above 100,000 EURO nine weeks. This is excluding the time needed to prepare the ToR.

A procurement plan will help ensure that procurement activities are initiated early enough to allow contracts to start when they are needed.

## **2.6. Repeat Purchases, Contract Amendments and Extensions**

Where similar goods and/or services are purchased repeatedly, it is in CCFSa's interest to agree the terms, specifications, quality and prices for future purchases ahead of time through a Call-off Arrangement. Doing this considerably reduces the administrative costs as well as increasing CCFSa's purchasing power to achieve greater value for money. The responsibility for identifying the possibility of repeat purchases lies with the Contract Owner. Where there is a possibility of future purchases from the same vendor, this needs to be stated clearly, with as much detail as is known at the time, in the relevant Procurement Documents (RfP etc.).

In the context of determining the applicable procurement procedure, the total value of a procurement must include all foreseeable future purchases for the same or similar goods or services from the same supplier – even if separate, legally independent contracts are awarded.

Under no circumstances must a procurement be divided into smaller amounts so as to avoid a competitive process or to lower the approval requirements.

Awarded contracts may subsequently be amended, extended or, in the case of goods, be followed by additional purchases of the same goods without an additional competitive process, provided the following conditions are all met:

- The new total value consisting of the original purchase and all amendments, extensions and repeat purchases does not exceed 150% of the original contract value.
- The combined value of all amendments, extensions and repeat purchases does not raise the total value above the upper threshold for the procedure that has been followed.
- The relevant unit prices are defined in the original purchase and remain the same.
- The substantial nature of the contract does not change (for example, a contract for window cleaning may not be changed into one for the provision of expert scientific advice even if the contract amount stays the same).

Optional extensions or additional purchases that were explicitly mentioned in the respective Procurement Documents and resulting contract – including their price – are considered to be covered by the original procurement process, provided the correct process has been followed for the total aggregate value including these.

If a contract amendment, extension or repeat purchase would raise the total value to more than 120% of the original purchase, a formal Single Tender Request is required, through which it is demonstrated that

a competitive process at this stage would not result in better Value for Money (ignoring the administrative cost of running the procurement). See Section 11 for further details.

It is not permitted to issue a contract amendment, extension or repeat purchase that would raise the total value above the relevant procurement threshold for the procedure followed in the original purchase. Note that contract amendments and extensions need to follow CCFSA's Contract Review Procedure in all cases.

## **2.7. Regional Variations<sup>9</sup>**

Regional variations to this Policy are not permitted, except to set a lower threshold below which Direct Purchasing is allowed. This includes the approvals required within the different procurement procedures.

## **3. GUIDING PRINCIPLES**

All procurement activity must adhere to the following principles:

- 1) Procurement procedures will be efficient and proportionate to the risks involved. Only necessary procurement shall be undertaken.
- 2) The process by which a Contractor is selected will be transparent, documented and fair to all participants. Where the process is not open to all interested Bidders, the pre-selection of those invited to submit a Bid must be justified and recorded.
- 3) Formal competition shall be the default procedure for the procurement of goods and services.
- 4) CCFSA seeks best value for money, taking into consideration whole-life-cost, quality, quantity, timing, location, source, and possible related future purchases.
- 5) CCFSA procurement activities consider their impact on the effective conservation of natural resources and protection of the environment.
- 6) Procurement activities shall be conducted with integrity and transparency, reduce the risk of fraud, corruption, waste or other irregularities, and protect CCFSA and its representatives from claims of maladministration.
- 7) Submissions from Bidders and other relevant procurement documents will be kept secure and confidential in line with CCFSA's Data Protection Policy.
- 8) For the purposes of procurement, the value of all purchases and contracts with the same vendor for the benefit of the same project (or cost centre, where a procurement is not linked to a single specific project) shall be considered in aggregate in relation to the procedure to follow and the approvals required.
- 9) Exceptions to the regular process must be formally approved and may only be granted under well-defined circumstances described in this policy.

## **4. EFFICIENCY AND PROPORTIONALITY**

The procedures described in this policy (see Section 15) are deemed to reflect the appropriate levels of efficiency and proportionality. Higher-value procurements follow a stricter procedure, with successively less stringent requirements for lower-value and lower-risk procurements. Only very low-value, low-risk procurements may be carried out without a formal procedure.

Wherever practically possible, Call-off Arrangements should be made for goods and services that are needed repeatedly (see Section 15.5).

## **5. TRANSPARENCY, FAIRNESS AND FRAUD PREVENTION**

Procurement carries a significant risk of fraud and malpractice. In order to protect CCFSA, its employees and its donors, all procurement activities shall be carried out in line with CCFSA Secretariat's Code of Conduct and Professional Ethics and shall pay particular attention to the elimination of risk of fraud. The following principles apply:

### **5.1. Four-eyes Principle and Separation of Duties**

The “Four-eyes Principle” is that a certain activity, i.e. a decision, transaction, etc., must be approved by at least two people.

Separation of Duties is an internal control whereby steps in a process are divided between different individuals in order to reduce the likelihood for fraud and error.

In the procurement context, these principles are implemented through the various procedures described in Section 15. For example, the evaluation of bids must be carried out by a minimum of three people (two, if the value of the procurement is below 100,000 EURO).

Except in the case of procurements below 25,000 EURO, the purchase cannot be approved by the same person who conducted the procurement.

### **5.2. Conflict of Interests**

Individuals involved in the procurement of goods and services must be free of conflicts of interests with regards to the suppliers of these goods and services, including the Bidders in a competitive process.

Where a conflict of interests exists, the individual in question must recuse themselves from the process and, where their approval or sign-off would be required, this must be escalated to their line manager.

Conflicts of interest are not limited to awarding contracts to family members, but that is the most obvious such conflict. Under no circumstances may a representative of CCFSA call on a relative to provide goods or services in relation to work directly supervised or approved by him/her. Relatives are defined as all persons directly related by blood, adoption or marriage. Such relatives are: parents, spouse (or common law spouse), children, brother or sister, as well as cousins, in-laws and stepchildren or stepparents.

Similarly, suppliers of goods and/or services must be free of conflicts of interest. They must confirm this in writing prior to award of any contract, and contracts with suppliers who are found to have undeclared conflicts of interest must be terminated.

### **5.3. Formal Statement of Relevant Information**

If the applicable procurement procedure (see Section 15) involves a formal competition, a written Request for Proposals (RfP) or Request for Quotation (RfQ) must be issued that clearly states the conditions for taking part in the procurement, the format in which a submission may be made, and all relevant deadlines, as well as the evaluation criteria and their relative weights that will be used to select the winner. Simply issuing the Terms of Reference or Statement of Requirements is not sufficient.

The same information must be made available to all interested Bidders.

### **5.4. Fairness**

In order to maximise the likelihood of receiving the best possible offers, the selection procedure must be fair to all Bidders.

This means, in the first instance, that neither the Terms of Reference or other description of the goods/services needed nor the evaluation criteria are biased towards a particular Bidder. References to specific brands, qualifications and certificates, etc. must be suffixed with “... or equivalent”; and the description of requirements must be relevant. For example, the number of years of previous experience required must be proportionate to the complexity of the service.

Under no circumstances may an entity be awarded a contract if it has also been involved in the writing of the respective Terms of Reference or other description of the requirement unless this further role has been explicitly included in the process by which they were selected in the first place.

No submission may be accepted after the deadline.

If the applicable procurement procedure is competitive, there may not be any post-submission negotiation of substantial parts of the Bid(s). In particular the nature and scope of services and/or technical specification of goods offered may not be amended after the Bids have been received, nor the financial offers.

### **5.5. Publication and Feedback**

For all procurements of 100,000 EURO or above, the contracting opportunity (RfP) and the subsequent contract award decision must be published in the procurement section on the CCFSA website.

The information to be published shall include a hyperlink to the Request for Proposals (RfP), the date of publication and submission deadline, the approximate value and duration of the contract, the name of the CCFSA office from which the contract will be managed, the country/-ies where the contract will be executed, and, in the case of contract award decisions, the date of the contract award and the name of the Contractor.

The contract award decision must be published even if the procurement procedure followed has not been open to all interested Bidders, for example if an exception from competition was granted.

Unsuccessful Bidders must be given reasonably detailed feedback on their Bid in relation to the selected Bid. Feedback will be limited by the confidentiality of the Bids received.

### **5.6. Complaints Procedure and Whistleblowing**

Reporting of suspected fraud should follow CCFSA's Anti-Fraud Policy. However, mismanagement of or irregularities in the procurement process may not necessarily be fraudulent. Instances of suspected non-compliance with this Policy shall be reported to the Procurement Officer, who will investigate and notify the management board. All such reports will be treated as confidential.

Bidders or other potential vendors may submit a complaint to CCFSA's Procurement Officer if they have reason to believe that there have been irregularities in a procurement carried out by or on behalf of CCFSA. Further information on this can be found on CCFSA's external website

## **6. DUE DILLIGENCE ON SUPPLIERS**

CCFSA will only award contracts to suppliers with a proven capacity, capability and legal and financial standing to carry out the work successfully. Appropriate due diligence checks must be carried out on potential Contractors either as part of a formal competition or in their own right.

For all procurements of 10,000 EURO or above, CCFSA requires the Contractor to sign a Declaration of Undertaking whereby they declare that they do not meet any of the following disqualification criteria:

- a) not legally registered;
- b) conflict of interests;
- c) bankruptcy, insolvency or winding-up procedures;
- d) breach of obligations relating to the payment of taxes or social security contributions;
- e) failing to comply with environmental regulatory requirements or other legal requirements relating to sustainability and environmental protection;
- f) grave professional misconduct, including mis-representation
- g) fraud;
- h) corruption;
- i) conduct related to a criminal organisation;
- j) money laundering or terrorist financing;
- k) terrorist offences or offences linked to terrorist activities;
- l) involvement or implication in any violations of Indigenous Peoples' rights, or injustice or abuse of human rights related to other groups or individuals, including forced evictions, violation of fundamental rights of workers, child labour, trafficking in human beings, sexual exploitation, sexual abuse, or sexual harassment.

Where any of the above criteria do apply to a supplier, CCFSA will assess the steps taken by the supplier to prevent any re-occurrence and decide accordingly whether to disqualify the supplier from bidding. This assessment will be carried out by the management board.

CCFSA also checks that suppliers are not included in any of the following Sanctions Lists:

- United Nations Security Council Sanctions Lists
- EU Sanctions Map
- US Office of Foreign Assets Control Sanctions List

For contracts above 100,000 EURO, financial background checks and a reputational risk assessment need to be completed. Details are included in the relevant SOP.

## **7. VALUE FOR MONEY**

CCFSA seeks to maximise Value for Money in all its procurement decisions. This is achieved primarily through the competitive procurement process.

Proposals will be evaluated and selected with regards to the best combination of quality and price offered. In assessing this, technical minimum criteria will be used to ensure that very low-priced Proposals that do not meet the technical requirements do not affect the selection outcome.

On the other hand, price must always be a factor in the award decision. Normally, this will take the form of a financial score being awarded as part of the overall evaluation. However, it is permissible to limit the financial evaluation to confirmation that offers fall within a budget envelope, as long as this is clearly stated in the Request for Proposals.

In assessing financial offers, Whole-Life-Costs should always be considered; that is, taking into account the total cost to CCFSA of a product or service over its lifetime, from concept through to disposal including purchase, hire or lease, maintenance, operation, utilities, training and disposal. The use of internal CCFSA resources need only be included if this differs significantly and demonstrably across offers, for instance where additional training or knowledge transfer would be required for some, but not all of the proposed solutions.

## **8. CONFIDENTIALITY AND SECURITY OF INFORMATION**

Submitted Bids from Bidders are confidential and must be kept securely. They may be shared internally, but only on a “need to know” basis. They may therefore not be saved on a shared drive where they can be accessed by colleagues not directly involved in the procurement.

The information contained in Bids may not be shared outside of CCFSA (except with auditors and donors, if such is indicated in our contract with them). In particular, information contained in Bids may never be shared with other Bidders.

Bids must remain unopened until the deadline for submission of Bids has passed. If submitted by email, Bids must be password-protected and the password sent after the Bid submission deadline.

CCFSA applies the European Union’s General Data Protection Regulation (GDPR). Any personal information contained in Bids must be handled accordingly.

For every procurement over 5,000 EURO, a Procurement File needs to be kept that document the decision to select the particular vendor. The specific documents to be kept depend on the selection procedure followed and are specified in each SOP.

The Procurement File needs to be kept secure and confidential for 10 years. The Procurement File must be available to view by internal or external auditors at any time. The Purchasing Unit is responsible for

maintaining the Procurement File. r additional actions or resource allocations needed to address key risks.

## **9. ENVIRONMENTAL ACCOUNTABILITY**

A key component of CCFSA's mission is its commitment to help societies conserve the integrity and diversity of nature and to ensure the sustainable use of resources.

The Code of Conduct and Professional Ethics for the Secretariat requires CCFSA to:

- Demonstrate the commitment of the organisation towards sustainability and environmental excellence in all business activities by identifying and adhering to environmental best practice, and by leading by example;
- Strive to minimise the environmental impact of all aspects of operations through efficient and effective use of resources, and through the sustainable use of renewable resources;
- Ensure that business decisions, particularly those including procurement and transport, reflect the need to minimise the ecological footprint of the organisation;
- Work with partners and suppliers whose practices abide by environmentally sound standards and criteria and with those who actively strive towards the adoption of such practices or where CCFSA sees an opportunity for change, in line with programmatic engagement and delivery.

CCFSA's purchasing decisions shall be based on a full analysis of their environmental impact. There are three levels at which the environmental impact can be managed:

- 1) in drafting the Terms of Reference or other specification of requirements, the need can be reduced or adapted to minimise harmful environmental impact;
- 2) in setting evaluation criteria, providers and/or their proposed solutions that minimise harmful environmental impact can be prioritised;
- 3) other steps can be taken that address harmful environmental impact outside of the contract (for example through carbon off-setting).

Environmental criteria should be balanced against cost, fit to requirements, delivery time, previous experience and reputation of the supplier and other considerations that together make up the quality of the goods/services.

## **10. EXCEPTIONS FROM NORMAL COMPETITION AND APPROVAL TO ENGAGE IN SINGLE TENDER**

Formal competition is the default procurement process. Section 15 details which competitive procedure to follow under specific circumstances. Section 15 also specifies two non-competitive procedures and the circumstances under which these may be used:

- Direct Purchasing for procurements below 25,000 EURO; and
- Single Tender where specific reasons for an exception from formal competition exist.

The valid reasons for selecting a Contractor through Single Tender are limited to the following:

a) Only one Proposal received:

A Request for Proposals has been openly published and advertised but only one compliant Proposal from a competent supplier has been received.

b) Unforeseeable, unavoidable urgency:

An urgency exists such that work needs to start in fewer than three weeks, which therefore makes a formal competition impossible, and this urgency could not have been foreseen by CCFSA. Examples include natural disasters, political emergencies and outbreaks of disease. Urgencies that could have been foreseen or avoided, such as changes in demands from the donor, do not qualify for an exception from formal competition.

c) No competitive market:

There is objectively and evidently only one supplier for the required goods or services. For example, this could be due to intellectual property owned by a single supplier, without access to which the goods/services cannot be provided; the need to achieve compatibility or standardisation with pre-existing goods/services; or because there is a state monopoly. In such cases, the description of the requirements needs to be carefully examined to ensure that it does not needlessly limit competition. The mere absence of known capable suppliers is not sufficient to justify Single Tender, unless an open competition for the required goods/services has first been executed and resulted in the reception of only a single compliant Proposal.

d) Extension, amendment or follow-on of an existing contract:

A contract may be extended or amended, or a new contract may be signed for the same goods and/or services, without competition if the original contract was awarded through an open competition (see SOP1 in section 15 below) and this option was included in the original contract and clearly stated in the relevant Procurement Documents (e.g. RfP). In this case, a formal approval to engage in Single Tender is not required.

Otherwise, extensions, amendments or follow-on contracts are only permissible if the original contract was awarded through the procedure appropriate for a procurement of the aggregate value of the original contract plus any extensions, amendments or follow-on contracts, and as long as the aggregate value of all extensions, amendments or follow-on contracts is no more than 50% of the original contract.

Extensions, amendments that increase the value of the contract, or follow-on contracts to the same supplier may only be awarded if the supplier's performance has been satisfactory.

The permission to engage in a Single Tender procedure is not automatic and must be formally requested from and approved by the management board. The detailed process for requesting permission to engage in Single Tender is detailed in Section 15.6 (Single Tender) below.

## **11. APPROVALS AND MONITORING**

As an organisation funded primarily by public funds, CCFSA needs to be able to provide assurance to donors not only that our policies are robust and effective, but also that they are being followed. In order to achieve this, there are three checks in the procurement process:

1. Has the correct procurement procedure been selected?
2. Has the selected procedure (SOP) been followed correctly?
3. Has the highest-scoring proposal been selected?

Regardless of the procedure followed, the selection of the Contractor has to be reviewed and approved by the management board for all procurements of 100,000 EURO or above.

Below 100,000 EURO, the above checks need to be carried out by the Approving Officer and confirmed through signing the Contractor Selection section on the Sign-off Form for Spending Funds.

## **12. INVOLVEMENT OF NON-CCFSA-STAFF IN PROCUREMENT**

The responsible use of CCFSA's resources is CCFSA's own responsibility. For this reason, procurement decisions may not be made by non-CCFSA-staff. It is permissible to involve non-CCFSA-staff in the procurement process, but only to provide specialist knowledge, or to confirm the correct execution of the process through additional approvals or sign-offs where required.

Specifically, non-CCFSA-staff may serve as Evaluators only if they possess specific technical knowledge or experience that CCFSA does not sufficiently have in-house. Donors, partners and other

stakeholders may not be involved in the evaluation of Bids if the objective is only to achieve their support for the procurement decision.

The following are areas where input from external stakeholders is permitted:

- Definition of the requirements (e.g. terms of reference);
- Determination of appropriate evaluation criteria and their relative weights;
- Verification that the appropriate procurement procedure has been followed correctly (“no objection”).

Joint procurements are exceptions to the above. In a joint procurement, several parties will sign the contract or contracts with the selected supplier. It is therefore appropriate and permitted that each of these parties is represented in the evaluation process.

### **13. CONTRACT MANAGEMENT AND PERFORMANCE REVIEW**

Contract management is a continuous process that ensures suppliers adhere to their agreed contractual obligations along with negotiating any future changes that need to take place.

#### **14.1. Contract Change Management**

Any changes to the contract need to be documented carefully and must be agreed by both parties in writing as a formal contract amendment. Email exchanges and other correspondence are not sufficient by themselves. All contract amendments are subject to the Contract Review Procedure. Responsibility for contract change management rests with the Contract Owner.

Typical changes to the contract affect the scope, deliverables and duration on the Vendor’s part, and the remuneration paid by CCFSA in return. The substantial nature of a contract may never be changed. If in doubt, the Office of the Legal Advisor should be consulted. Standard terms as set in CCFSA’s contract templates should not be changed.

Further restrictions on permissible changes to the contract are stated in section 3.6 above.

#### **14.2. Performance Review**

Review of a supplier’s performance is essential in order to ensure CCFSA receives good Value for Money and manages its funds responsibly. The Contract Owner is responsible for verifying that the Contractor has met its contractual obligations, for raising any issues or problems in this respect with the Contractor, and for following up on remedial actions agreed.

If the supplier, for whatever reason, does not meet its contractual obligation to the Contract Owner’s satisfaction, the Contract Owner must inform the Contractor at the earliest opportunity and, to the extent possible, ask for the problem to be resolved. If the Contractor is unable or unwilling to fix the problem within a reasonable time, or if the Contract Owner becomes aware that the problem could result in a breach of contract on the part of the Contractor for any other reason, the Contract Owner must inform the Office of the Legal Advisor as soon as possible in order to guide the process in case CCFSA ends up in litigation.

An invoice may not be paid if the goods and/or services have not been delivered in accordance with the contract.

### **14. PROCUREMENT PROCEDURES**

The following diagram describes which procedure is appropriate for each particular procurement. If in doubt, consult your regional procurement focal point or the Procurement Officer before starting the procurement.

There are six procedures, detailed below, four of which are further detailed through a Standard Operating Procedure (SOP), which provides specific practical steps to follow. The two procedures for which there is no SOP vary in accordance with a large number of factors and need to be adapted to the circumstances.

The procedures are:

- Open Procedure (SOP 1)
- Invitation Procedure (SOP 2)
- Three Quotes (SOP 3)
- Direct Purchase (SOP 4)
- Call-off Arrangement
- Single Tender

The overarching requirements are as follows:

- Procurements above 25,000 EURO must be through a formal competitive process unless
  - a) A Call-off Arrangement exists through which one or more suppliers for the required goods or services have previously been selected through a competitive process; or
  - b) A valid reason for an exception from competition exists, as specified in section 11.
- Competitive procurements above 100,000 EURO further require the competitive process to be “open”, meaning that any interested supplier is permitted to participate.

Where one exists, following the applicable Procurement SOPs is mandatory. The SOPs include a number of templates, use of which is equally mandatory. The SOPs and templates are designed to ensure essential process requirements are met and, therefore, that the resulting contract award is fully compliant with this Policy and international best practice.

#### 15.1. SOP 1: Open Procedure

*Definition:* Under the open procedure, the contracting opportunity is published on the CCFSa website and open for any interested supplier to participate.

*Applicability:* This is the default procedure and may be used for any procurement.

#### 15.2. SOP 2: Invitation Procedure

*Definition:* Under the invitation procedure, the contracting opportunity is not published and only invited suppliers may participate. There must be a minimum of three compliant Bids received.

*Applicability:* The invitation procedure may be used if it is certain that the total value of the procurement, including any possible extensions, amendments or follow-on purchases, is below 100,000 EURO.

#### 15.3. SOP 3: Three Quotes

*Definition:* “Three quotes” means inviting price quotations from (at least) three suppliers. There is no need for a technical evaluation beyond compliance with the stated technical specification – the cheapest technically compliant quote will be accepted.

*Applicability:* Three quotes are sufficient if the total value of the procurement, including any future purchases from the same supplier, is below 100,000 EURO, and the technical evaluation is limited to whether or not the offer meets the requirements.

#### 15.4. SOP 4: Direct Purchase

*Definition:* Direct purchasing consists in approaching a single supplier and accepting the goods/services they offer at their standard price and under their standard conditions.

*Applicability:* Direct purchases may be undertaken only if it is certain that the total value of the procurement, including any future purchases of similar goods or services from the same supplier, is below 25,000 EURO or below the regional threshold for competitive bidding, if applicable.

Wherever reasonably possible, comparisons with other suppliers of the same goods/services should nonetheless be made to ensure value for money.

### 15.5. Call-off Arrangement

*Definition:* In a Call-off Arrangement, one or more suppliers are selected to provide goods and/or services as and when needed over a period of time, typically up to a maximum of five years. The Call-off Arrangement normally leaves open the exact volume of goods and/or services that will be required, although a maximum may be set.

A Call-off Arrangement has the advantage of setting prices, technical specifications and terms and conditions ahead of time. Individual purchases, “call-offs”, can then be made quickly and without the need for a formal selection process, since this has already been completed. Moreover, “pooling” the purchases makes CCFSa a more interesting client and thus increases the likelihood of achieving better value for money.

*Applicability:* Call-off Arrangements should be set up whenever it is known that the same goods and/or services will be required repeatedly and the relevant parameters, such as unit price or daily rates, can be fixed. Typical examples include translation services, stationery, travel agencies, hotels, audit services, and many others.

Where a Call-off Arrangement exists for a given need, the Call-off Arrangement should be used in favour of running a separate procurement.

*Procedure:* The selection of one or more suppliers to be included in the Call-off Arrangement must follow the same procedure as an individual procurement at the total aggregate or maximum expected value of the purchases over the duration of the Arrangement. This can be estimated by the allocated amounts in a project budget, or from data on previous purchases over time.

Suppliers for a Call-off Arrangement must be selected through a competitive process. They may never be selected through an Exception from Competition.

There are several different ways of setting up a Call-off Arrangement with various advantages and disadvantages:

1. **Single supplier:** This would involve publishing a Request for Proposals indicating the intention to setup a single supplier Call-off Arrangement, inviting tenders and awarding all contracts under the arrangement to the most suitable tenderer selected on the basis of the published award criteria. The terms and criteria for award of contracts would be precisely formulated and published in the RfP. CCFSa would then draw down requirements in accordance with the agreed terms as needs arise for the duration of the Arrangement. Under this Arrangement there is no scope to supplement or amend the initial tender. The price, delivery times, and other terms are likely to be settled but some terms, such as the quantity, may not. The price need not be fixed in absolute terms; it may be possible to set it by reference, for example, to a price index provided the mechanism chosen makes it possible to price specific orders in an objective and transparent manner that is no longer open to the supplier’s discretion.
2. **Multi-supplier:** Under the same procedure, a multiple-supplier Arrangement could be put in place by publishing this intention in the RfP. The RfP would indicate the relevant number of participants to be selected on the basis of the award criteria at the end of a full tendering procedure. In setting up multiple-supplier Arrangements, a minimum of three participants must be included (provided, of course, that there is at least this number of qualified tenderers). These selected tenderers would be used for further requirements for the works, supplies or services which were the subject of the tendering process. The terms for awarding further contracts under the arrangement would have to be set out in the RfP, e.g. possible use of mini-competition among the selected suppliers, award criteria for mini-competition, rotation, availability etc. If setting up a Call-off Arrangement where it is expected that the total value of purchases will exceed 100,000 EURO, the Procurement Officer at HQ must be consulted.

### 15.6. Single Tender

*Definition:* Single Tender means soliciting a Bid only from a single supplier. This process is high-risk and must follow stringent criteria. Unlike a Direct Purchase (SOP 4), in Single Tender there is always a written Terms of Reference or similar statement of requirements, in response to which the supplier submits a Bid (“tender”).

*Applicability:* Single Tender may be undertaken only if one or more of the reasons for Single Tender hold as specified in Section 11 and a Single Tender has formally been approved.

*Procedure:* In order to request a formal permission to engage in Single Tender, the Contract Owner must complete a Single Tender Request Form and submit it to the Procurement Officer for review and sign-off. If all the relevant information has been provided, the Procurement Officer forwards the Single Tender Request Form to the relevant approver. The Single Tender Request requires approval from the management board if the procurement is below 100,000 EURO.

Once a Single Tender Request has been duly approved, the Contract Owner or Purchaser may solicit a Bid from the identified tenderer, unless a Bid has already been received as part of an Open Procedure.

While there is no competitive element in a Single Tender procedure, the Purchaser must nonetheless ascertain the following:

1. The supplier is capable of delivering the required goods and/or services. This means checking their track record, qualifications, registration, technical and financial capacity and similar criteria. The due diligence assessment for commercial suppliers must be completed and the supplier must sign the Declaration of Undertaking (see Section 7).
2. The Bid meets the minimum technical requirements as stated in the ToR.
3. The price offered represents good value for money. This can be assessed through benchmarking against similar goods or services, or previous similar contracts. If the value of the procurement is above 100,000 EURO, the decision to award the contract must be reviewed and approved by the management board, and the award must be published on the CCFSA website.