PROCUREMENT POLICY & PROCEDURES

International NGO — Health & Humanitarian Programming

Version 1.0 | [Month Year]

Executive Summary

This Procurement Policy establishes the framework for acquiring goods and services across all programmes and operations of the Organization. It is designed to:

- Ensure transparency, fairness, and competition in all procurement
- Achieve best value for money while maintaining quality standards
- Enable donor audit and accountability
- Reduce risk through clear procedures and controls
- Ground procurement in humanitarian principles

This policy is mandatory for all staff, partners, consultants, and volunteers involved in procurement activities.

1. Scope and Applicability

1.1 Covered Activities

This policy governs procurement of:

- Goods (equipment, supplies, materials, pharmaceuticals)
- Services (maintenance, repairs, logistics, transport)
- Facilitation services (workshops, training delivery, event organization—where the Organization procures delivery, not expertise)

1.2 Excluded Activities

This policy does **not** cover:

- Direct employment of staff on the Organization's payroll
- Individual consultant contracts (one-off expertise, research, evaluation, content development)
- Grants or cash transfers to implementing partners or beneficiaries

1.3 Applicability

- All staff, partners, contractors, and volunteers involved in procurement
- All programmes funded by any donor (bilateral, multilateral, private)
- Goods or services exceeding USD 50 or UAH equivalent

2. Guiding Principles

2.1 Humanitarian Grounding

The Organization is guided by four foundational humanitarian principles—humanity, neutrality, impartiality, and independence (UN General Assembly resolutions 46/182 and 58/114)—which inform all procurement decisions.

2.2 Best Value for Money

Best value for money is the lowest price that meets the required quality, safety, delivery timelines, and reliability standards. It balances cost against:

- Supplier reliability and track record
- Whole-of-life cost (not just purchase price)
- Delivery timeframe and logistics feasibility
- Warranty and post-delivery support
- Alignment with humanitarian and ethical standards

2.3 Transparency & Competition

- All procurement above USD 1,000 must encourage competition among qualified suppliers
- Evaluation criteria are defined before procurement is announced
- Decisions are documented and justified
- All suppliers receive equal information and timeframes
- External observers may monitor procurement commissions to ensure accountability

2.4 Efficiency & Proportionality

Procurement procedures are proportional to the value and complexity of the purchase. Low-value items follow simplified processes; high-value, strategic procurements require rigorous vetting.

2.5 Donor Accountability

All procurement documentation is maintained and made available for review by donors, their authorized representatives, and independent auditors upon request.

3. Procurement Thresholds & Methods

The Organization applies different procurement methods based on estimated total contract value (USD):

Value Range	Procurement Method	Competition Required	Documentation
USD 50–1,000	Direct Procurement	Single-source allowed	PR, 1 Quote, Receipt Note
USD 1,001–10,000	Request for Quotation (RFQ)	Minimum 3 quotes required	PR, 3 Offers, Bid Analysis, PO
USD 10,001–50,000	RFQ or Request for Proposal (RFP)	Minimum 3 proposals required	PR, RFQ/RFP, Analysis, Commission Protocol
USD 50,001–250,000	RFP with Commission Review	Minimum 3 proposals required	PR, RFP, Weighted Scoring (MANDATORY), Commission Protocol, Verification Form
USD 250,001+	Open International Tender	Competitive bidding; public advertisement required	PR, Tender Notice, Scoring, Commission Protocol, Vendor Verification

4. Direct Procurement (USD 50–1,000)

4.1 When Permitted

- Items ≤ USD 1,000
- Sole source of supply
- Emergency situations preventing competitive procurement
- Continuation of supplier relationship if prior performance was strong and competition offers no added benefit

4.2 Process

1. Conduct market research using available sources (up to 5 working days)
2. Select supplier based on best value for money (up to 5 working days)

3. Document decision and issue Purchase Order

5. Request for Quotation (RFQ) — USD 1,001–50,000

5.1 Timeline

4. Prepare RFQ documents: 5 working days
5. Approve and distribute: 1 working day
6. Supplier submission window: Minimum 5 working days
7. Evaluation and award decision: 5 working days

5.2 Supplier Selection

- Minimum 3 qualified suppliers must submit proposals
- All proposals evaluated against defined criteria
- Award to supplier offering best value for money

6. Request for Proposal (RFP) & Tender — USD 50,001+

6.1 Procurement Commission

For all procurements > USD 50,000, a Procurement Commission is established:

- Minimum 3 members, approved by Executive Director
- Members must sign conflict-of-interest declaration before each meeting
- External experts or observers may be invited to ensure transparency
- All decisions documented in written protocol signed by all members

6.2 Mandatory Weighted Scoring (USD 50,001+)

All procurements exceeding USD 50,000 must use a weighted scoring system:

- Scoring criteria and weights published in tender documents before proposals are received
- Price is mandatory; other criteria (quality, delivery, warranty, experience) weighted according to procurement needs
- Each Commission member independently scores all proposals
- Final score = average of member scores × criterion weight (total 100%)

6.3 Tender Process Timeline

8. Prepare tender documents: 5 working days
9. Approve and advertise: 1 working day
10. Public proposal period: Minimum 10 working days

11. Commission evaluation meeting: 10 working days after deadline
12. Executive Director approval: 5 working days

7. Supplier Eligibility & Ethical Standards

Suppliers must meet the following criteria:

7.1 Legal & Financial Standing

- Legally registered entity (company, individual entrepreneur, or equivalent)
- Holds necessary licenses and permits
- Not in bankruptcy, receivership, or formal debt restructuring
- Tax and social contribution obligations met

7.2 Ethical Compliance

Suppliers must certify they:

- Have not been convicted of fraud, corruption, or serious crime
- Do not exploit child labor or forced labor
- Respect fundamental human rights and basic working conditions
- Have not been sanctioned by OFAC or equivalent (for international suppliers)
- Have not been debarred by other international organizations

7.3 Performance History

- Demonstrated experience in supplying similar goods/services
- No documented cases of late delivery, quality defects (>5% rejection rate), or breach of contract
- References from previous clients available upon request

8. Prepayment Schedule

Prepayment percentages are established by commodity category to balance cash flow protection with supplier feasibility:

Category	Standard Prepayment	Notes
Goods (local, in-stock)	30–50%	Depends on supplier cash position
Imported/Specialized goods	50–70%	Supplier needs upfront for foreign payment

Electronics/Components	50–100%	Current supply chain requires upfront commitment
Raw materials/Manufacturing	50–100%	Supplier must purchase inputs before production
Services (training, facilitation)	25–50% upfront; balance on delivery	Staggered: portion on contract, balance after completion
Air travel/Transport	100%	Non-negotiable; must be paid pre-departure
Emergency/Urgent procurement	Up to 100%	Executive Director approval required
Capital Equipment	30% deposit; 40% on delivery; 30% after acceptance testing	Protects both parties; holdback ensures performance

Prepayment percentages exceeding the standard may be approved by the Procurement Initiator if documented supplier invoice requiring higher upfront payment (e.g., foreign supplier, import deposit requirement). No Executive Director approval required if within category guidelines.

9. General Terms & Conditions

All supplier contracts shall include the following terms:

9.1 Warranty

Supplier warrants all goods and services are fit for intended use and free from defects in workmanship and materials. Supplier indemnifies the Organization against claims resulting from non-compliance. Supplier-provided warranties extend to the Organization and its beneficiaries.

9.2 Inspection & Acceptance

The Organization's authorized representatives may inspect goods at supplier's location, during manufacture, or at delivery. Supplier shall provide all necessary facilities and cooperation. Inspection does not waive the Organization's right to reject non-conforming goods or enforce warranty claims.

9.3 Conformity with Specifications

If goods/services are purchased against specifications, supplier warrants full conformity. The Organization may reject non-conforming goods, refuse payment, and require replacement or refund.

9.4 Packing

Supplier shall pack goods using new, sound materials adequate to safeguard during transport. Supplier is liable for damage or loss resulting from faulty packing.

9.5 Force Majeure

Force majeure events—acts of God, laws, industrial disturbances, civil conflict, explosions, or similar unforeseeable circumstances beyond a party's control—suspend performance obligations but do not terminate the contract.

- Affected party must notify the other party in writing within 15 days with full details
- Receiving party may terminate with 7 days' written notice
- Upon termination, supplier returns all deposits and advance payments

9.6 Default & Termination for Convenience

- If supplier fails to deliver within agreed timeframe, the Organization may terminate immediately in writing
- The Organization may procure replacement goods/services from other sources; supplier liable for excess costs
- Supplier has no right to payment for goods dispatched after termination notice

9.7 Bankruptcy

- If supplier initiates bankruptcy, receivership, or insolvency proceedings, the Organization may terminate immediately
- The Organization is treated as a creditor with priority for advance payments
- Supplier shall notify the Organization if bankruptcy proceedings are filed

9.8 Dispute Resolution

- Either party must notify the other in writing of any dispute within 7 days
- Parties attempt negotiation for 10 working days
- If unresolved, escalate to the Organization's Programme Director
- Major disputes (>USD 10,000) may proceed to binding arbitration under UNCITRAL rules, English language, Swiss law

9.9 No Assignment

Supplier may not assign, transfer, or pledge the contract without the Organization's prior written consent.

9.10 Tax Exemption

Supplier's price must reflect any tax exemption to which the Organization is entitled. If taxes later found to be non-applicable, they are deducted from the contract price; prior payments are refunded.

9.11 Confidentiality & Advertising

Supplier shall not publicly disclose that it is a supplier to the Organization without written permission. Supplier may not use the Organization's name, logo, or emblem for advertising.

9.12 Officials Not to Benefit

Supplier certifies that no Organization official has been, or will be, admitted to any direct or indirect benefit from this contract. Breach is grounds for immediate contract termination.

10. Documentation & Record Retention

All procurement files shall include:

- Procurement Request (PR) and Scope of Work
- Approval from Procurement Initiator and Finance
- RFQ/RFP documents or tender notice
- All supplier proposals received with date-time stamps
- Bid analysis, evaluation scoring (if applicable), or selection memo
- Commission protocol (if >USD 50,000)
- Sanction checks (OFAC or equivalent)
- Signed contract
- Purchase Order and Goods Receipt Note
- Invoice and payment proof

Files are maintained by the Procurement Office and Finance and are available to donors, auditors, and oversight bodies upon request. Retention period: minimum 5 years.

11. Donor Audit Rights

All procurement documentation—including requisitions, solicitations, proposals, evaluations, contracts, invoices, receipts, and payment records—is available for review by donors, their authorized representatives, and independent auditors at any time. Auditors may request detailed justifications for procurement decisions, supplier selection, and pricing rationale.

12. Approval Authority

Procurement Value	Initiator Approval	Finance Approval	ED Approval
≤USD 5,000	Project Coordinator or Manager	Finance Officer	Not required
USD 5,001–50,000	Programme Director	Finance Manager	Yes, for >USD 25K
>USD 50,000	Programme Director	Finance Manager	Yes (required)

13. Policy Review & Updates

This policy is reviewed annually by the Finance and Procurement team and updated as needed. The next review is scheduled for [Month Year]. Significant changes require Executive Director and Programme Management Team approval.

Document Control:

- Version: 1.0
- Date: [Month Year]
- Owner: Finance & Procurement Manager
- Approved by: Executive Director