



Procurement Policies and Procedures Guide

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Preface

All procurement activities carried out by AidEnvironment will be conducted in a manner which provides the best possible value; is fair, objective, and transparent; is compliant with the contractual and regulatory frameworks for funding partners and national authorities; and reflects and uses international best practices as much as practical.

It is a reference tool for the procurement of supplies, and services (consultancy and non-consultancy) and works by AidEnvironment. Where the agreement governing the legal relationships between AidEnvironment and the funding agency requires it, the latter's guidelines shall be used after agreement between both parties.

The Guide will be reviewed regularly and updated based on AidEnvironment's lessons and experiences.

1. Introduction to this guide

1.1 Purpose

The purpose of this Guide is to inform those carrying out a procurement activity that is financed in whole or in part by funds from AidEnvironment, from grants or funding, for the procurement of goods, works, and services required for the projects and AidEnvironments day-to-day operations. In addition, it guides AidEnvironment's senior management in their oversight function on procurement.

The Guide aims to ensure that:

- the correct goods and services are purchased in terms of quantity, specification and quality required, and that they are available where and when they are needed to properly support the operation of the organisation or delivery of a specific programme or project.
- procurement is undertaken in the most cost effective, efficient, and accountable manner, taking into consideration ethical standards and sustainability.

1.2 General Considerations

External Financing Partner's review: The responsibility for the procurement, award and administration of contracts under the projects implemented by AidEnvironment rests with Aidenvironment. However, the Funding Partner may review the bid evaluations, award recommendations, and contracts to ensure that the procurement process is carried out in accordance with the agreed procedures in the Funding Agreement.

Accessibility: This Guide shall be accessible to AidEnvironment's staff on Teams and to external stakeholders on www.aidenvironment.org/documents

Amendments: Members of staff are encouraged to use the Guide in its entirety. Suggestions for amendments to any section or part of the Guide should be submitted in writing to the Office Manager who will present the views to the MT. The Guide may be amended by the General Director with the recommendation of the MT or on the Director's own initiative.

2. Guiding Principles

2.1 Policy statement

All procurement activities carried out by AidEnvironment will be conducted in a manner which provides best possible value; is fair, objective, and transparent; is compliant with the contractual and regulatory frameworks for Funding Partners and national laws and which reflects professionalism and uses best practice in the application of ethical standards.

2.2 The principles

The following principles shall be considered while carrying out the procurement function for AE:

2.2.1. Informed decision-making: AidEnvironment officers responsible for the procurement function shall make informed decisions regarding procurement operations.

As a minimum, they are expected to:

- a. Gain knowledge of good domestic and internationally acceptable procurement practices
- b. Adhere to applicable national and international laws and regulations
- c. Make more informed judgment about what is available in national and international markets.

2.2.2. Transparency and confidentiality: The same rules shall apply to all suppliers of goods, works and services. This will 1) enable the creation of open, fair, and transparent procedures, and 2) create goodwill between the organization and various stakeholders.

Also, contracting information shall not be confidential unless there is a sound reason, informed by legal principle, for maintaining the confidentiality of the information. AidEnvironment shall follow a confidentiality test based on legal principle. The Criterion to be followed shall include;

- a. The information to be protected must be specifically identified
- b. The information must be commercially 'sensitive'. This means that the information should not generally be known or ascertainable.
- c. Disclosure would cause unreasonable detriment to the owner of the information or another party
- d. The information was provided under an understanding that it would remain confidential.

2.2.3. Competitiveness: Actively encouraging greater supplier participation in the bidding process through advertising, sourcing reviews, pre-qualification etc.

2.2.4. Fairness: Showing consideration and impartiality in all stages of the procurement process, especially demonstrating equality in specifications, and bid evaluations

2.2.5. Ethical Approach and zero tolerance to fraud and corruption: Adopting an exemplary approach to all procurement processes that cannot be questioned or criticized. Adhering to AidEnvironment's anti-corruption and related policies.

2.2.6. Efficiency and Effectiveness: Combining compliance with rules and regulations with the desire to ensure that the procurement objective is achieved without unnecessary delay.

2.2.7. Sustainable OR Green Procurement: Considering social and environmental concerns in the selection of products and services, thereby using our purchasing power to promote responsible production and use of resources and materials.

3. Bidding Process

3.1 Policy statement

AE will adopt competitive bidding approach to the maximum extent in all its procurements to provide all eligible prospective bidders with timely and adequate notification of AE's requirements and an equal opportunity to bid for the required goods, works and services.

3.2 Specific provisions, processes and procedures

3.2.1 Competitive Bidding

The objective of competitive bidding, as described in this guide, is to provide all eligible prospective bidders with timely and adequate notification of AidEnvironment's requirements and an equal opportunity to bid for the required goods, works, consultancy and non-consulting services. The purpose of competitive bidding is to obtain the most attractive offers from the market in terms of quality and price, thereby attain value for money in all AidEnvironment's procurement activities.

3.2.2 Single or Limited number of Bids

Where one bid or quotation or a limited number of bids or quotations are received in response to a bid notice or request for quotations sent to a minimum of three pre-qualified providers, AidEnvironment may accept the single bid or quotation or the limited number of bids or quotations, provided they meet the evaluation criteria specified in the solicitation documents and provided further the evaluated price does not exceed market prices.

3.2.3 Two-Stage Bidding

In the case of turnkey contracts or contracts for large complex facilities or works of a special nature or complex information and communication technology, it may be undesirable or impractical to prepare complete technical specifications in advance. In such a case, a two-stage bidding procedure may be used, under which first un-priced technical proposals based on a conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments, to be followed by amended bidding documents and the submission of final technical proposals and priced bids in the second stage.

3.2.4 Notification and Advertising

Timely notification of bidding opportunities is essential in competitive bidding. The Procurement Committee is required to prepare and submit to the Director a draft Procurement Notice for approval before it is advertised.

The Notice shall contain information concerning AidEnvironment and the financing agency where required in the funding agreement, amount and purpose and scope of procurement, and the name, telephone number, and address of the AidEnvironment's Procurement Committee and the address of the website where specific procurement notices will be posted. If known, the scheduled date for availability of prequalification or bidding documents should be indicated.

Invitations to pre-qualify or to bid shall be advertised. Notification shall be given in sufficient time to enable prospective bidders to obtain pre-qualification or bidding documents and prepare and submit their responses.

If necessary, considering the urgency of the procurement, the Director may authorize the issuing of the notice or procurement request to a limited number of prospective bidders identified by the Project Team.

3.2.5 Prequalification of Bidders

Prequalification ensures that Invitations to Bid (ITB) or Request for Quotations are extended only to those suppliers who have adequate capabilities and resources. Prequalification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their (a) experience and past performance on similar contracts, (b) capabilities with respect to personnel, equipment, and construction or manufacturing facilities, and (c) financial position.

The Invitation for pre-qualification shall be through open competitive bidding method or by invitation of approved providers from the registers of internationally recognized institutions or agencies such as Professional bodies ISO, UNBS or national Procurement Authorities etc. to apply for pre-qualification with AidEnvironment. The open pre-qualification exercise will be conducted once every year or as soon/later as necessary considering the anticipated need for procurements.

Where the invitation for pre-qualification is conducted through open bidding or letter of invitation, the bidding period shall be 21 (twenty) calendar days, starting from three days after the date of first appearance of the advertisement or date of the letter of invitation for pre-qualification. The invitation to pre-qualify for bidding on specific contracts or groups of similar contracts shall be advertised and notified as described above.

The scope of the contract and a clear statement of the requirements for qualification shall be sent to those who responded to the invitation. All such applicants that meet the specified criteria shall be allowed to bid. The Procurement Committee shall inform all applicants of the results of prequalification. The bidding documents shall be made available to the qualified prospective bidders as soon as pre-qualification is completed.

For pre-qualification for groups of contracts to be awarded over a period, a limit for the number or total value of awards to any one bidder may be made based on the bidder's resources, capacity, and a record of past performance.

In emergency circumstances or for exclusively new products which are not in AidEnvironment's approved pre-qualified list, the Director may approve a dual approach whereby Procurement Committee issues at the same time a Request for Pre-qualification as well as a Request for Quotations to sole providers for specialized supplies.

In all circumstances, verification of the information provided in the submission for pre-qualification shall be confirmed at the time of award of contract, and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully perform the contract.

4. Methods of tendering/procurement

4.1 Policy statement

AidEnvironment shall use appropriate methods of procurement that will facilitate the achievement of economy, efficiency, and value for money in the procurement process.

4.2 Specific provisions, processes and procedures

4.2.1 Methods of procurement

Below are the procurement methods with respective procurement value thresholds and bidding periods. Disciplinary action, with possible termination of employment, shall be imposed on users who split procurements to fit within the thresholds.

Request for Quotations/ Proposals

Request for Quotations or Proposals (RFQ or RFP) is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods or from several contractors in the case of civil works), with a minimum of three (3), to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard items of small value, or simple civil works of small value.

Where the subject of procurement is services, the appropriate terminology or method shall be referred to as Request for Proposals (RFP). The requests shall indicate the description and quantity, specifications and scope, as well as desired delivery (or completion) time and place. At least 10 working days shall be given for preparation and submission of bids or offers.

The evaluation of quotations/proposals shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

Direct Contracting/ single sourcing

Direct contracting is contracting without competition (single sourcing) and may be an appropriate method under the following circumstances:

- a. An existing contract for goods or works, awarded in accordance with the prescribed procedures, may be extended for additional goods or works of a similar nature. Both the Procurement Committee and Contracts Committee must satisfy themselves in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract.
- b. Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to the Funding Partner.
- c. The required equipment is proprietary and obtainable only from one source.
- d. The Contractor responsible for a process design requires the purchase of critical items from a Supplier as a condition of a performance guarantee.
- e. In exceptional cases, such as in response to natural disasters.

Contacting the prospective service providers is a sole responsibility of the Finance and Admin Team. The timeline for submission of an offer, evaluation and award of contract will be determined by the circumstances of each procurement requirement. There is no set threshold in terms of procurement value; the value depends on the nature of the procurement.

Local Shopping (Cash Purchases)

A cash purchase or Shopping is the simplest form of direct procurement method. It is used for low value procurements. The method is used in circumstances involving standardized common user items (routine) which are abundantly available in the market. It does not justify competitive procedures and therefore such items can be obtained from one or few suppliers.

Cash purchases may be operated through use of office petty cash/office debit card for amounts not exceeding 1500 euro. Where the total price/value of a procurement exceeds these thresholds or the equivalent in other currencies, the procurement activity shall be subjected to a simple competitive bidding process (by inviting at least one quotation from AidEnvironment list of pre-qualified providers and comparing this with benchmark prices) and payment made by bank-to-bank payment or electronic transfer. This procedure is managed and administered by the Finance Officer, in accordance with the approved year budget, who may delegate a member of Finance and Admin Team to undertake cash purchases.

Cash purchases must be reported to the Finance Officer the following working day, with the following original documents as proof of execution of the procurement:

- a. Cash Sale or Official Receipt (on Supplier's headed document)
- b. Supplier's Delivery Note
- c. Acknowledgement of receipt from initiator of goods procured.

International Competitive Bidding

International Competitive Bidding (ICB) is the procurement method which is open to participation on equal terms by all providers, through advertisement of the procurement opportunity and this specifically seeks to attract both foreign and local providers. At least 21 working days shall be given for preparation and submission of bids or offers.

Restricted / Selective Domestic Bidding

Selective or Restricted Domestic Bidding (RDB) is a method of Tendering where the Finance and Admin Team sends an RFQ or ITB to selected prospective Providers on the prequalification list or those suggested by the Project teams. No minimum duration is set for receiving the quotations/bids; it depends on the purpose and urgency of the procurement.

Under this method, RFQs or ITBs shall be based entirely upon the capability and resources of prospective bidders/ providers to perform the particular contract satisfactorily, considering their;

- a. experience and past performance on similar contracts,
- b. capabilities with respect to personnel, equipment, and construction or manufacturing facilities, and
- c. financial position.

Emergency procurements

An emergency shall constitute a circumstance which is urgent or unforeseeable or a situation which is not caused by dilatory conducts where:

- a. AidEnvironment business is seriously threatened by or confronted with a disaster or catastrophe

- b. The conditions or quality of goods, equipment, buildings may seriously deteriorate unless action is urgently and necessarily taken to maintain them in their actual value or usefulness
- c. An investment project is seriously or would be delayed for want of minor items
- d. A delay to respond would lead to detrimental consequences for the target recipients

Under such emergency situations, the Finance and Admin Team or Procurement Team shall seek the Director's authorization to use a procurement method most prudent to facilitate the prompt acquisition of the required goods, services or works.

4.2.2 The bidding period

The bidding period, which is the duration within which AE accepts the bids, shall be determined by taking into consideration the following factors:

- a. the time required for the preparation of bids, considering the level of detail required and the complexity of bids
- b. the need for bidders to submit authenticated legal documents or similar as part of their bids and the time required to obtain such documents.
- c. the location of short-listed or potential bidders and the time required for the delivery and submission of bids to AidEnvironment
- d. the anticipated duration of the procurement process versus AidEnvironment's urgency of need of the services/products.

Where advertisement is applicable, the bidding period shall start three days from the date of first appearance of the bid notice in the daily newspaper of wide circulation. In the event of limited international or national bidding and the request for quotation or proposal procurement methods, the bidding period shall start after two days from the date of issuing of the letter inviting the bidder to participate in the bidding or quotation proceeding.

4.2.3 Steps to follow

Below are the steps to follow from procurement initiation to service/product/goods delivery

1. The Project Manager (PM) notifies the Director by email, with the Finance Officer in copy, of the needed procurement, i.e., quantities, intended use, etc. of the supplies and materials.
2. The Director appoints Procurement Committee and Contracts Committee, each comprising a Chairperson, Secretary and at least one additional member.
3. The Procurement Committee selects a procurement member based on the value threshold and the specific circumstances of the procurement activity.
4. With the PM's support, or that of a technical member of the project team as advised by the PM, the Business Support Unit (BSU) team obtains quotations from the prospective suppliers.
5. The Procurement Committee assesses the quotations/bids and prepares a procurement report. The report should include, as a minimum, a relative comparison of the suppliers (quality, price, reliability, etc.) and a recommendation of the most suitable supplier.
6. The Contracts Committee studies, and, if satisfied, ratifies the procurement report, and communicates to the Director recommending an award. (The contracts committee might ask for additional information or clarification from the procurement committee).
7. Upon ratification of the Contracts Committee recommendation by the Director, the BSU personnel prepare and provide to the successful bidder an Local Purchase Order. (The BSU personnel discuss with the supplier the payment terms)

8. After terms are agreed with the successful bidder, all unsuccessful bidders are notified in writing mentioning the reasons for them not being selected and informing them that details can be provided, to the extent possible, upon request.
9. Goods/services are supplied by the supplier and confirmed by the PM or another project team member, with the relevant documentation, e.g., delivery notes, confirmations of receipt of goods, completion reports, etc.