



Procurement Procedure
- Manual –
Version 4
Effective 5 August 2025

Content

1. Introduction	3
1.1. Acronyms and Glossary.....	4
1.2. Basic control concepts.....	7
2. Procurement needs	8
2.1. Definition	8
2.2. Determination of supplier criteria	10
2.3. Acceptance.....	12
2.4. Updates	13
3. Decision on procurement method.....	14
4. Bidder selection.....	16
4.1. Database check.....	16
4.2. Compilation of longlist and shortlist.....	17
5. Purchase of G/S/Ws without tender process	20
5.1. Placement of Purchase Order (PO)	20
5.2. Purchase Order (PO) – Price quoted > 5,000 EUR.....	21
5.3. Direct Procurement: RfP/RfQ.....	22
6. Bid preparation.....	24
6.1. Preparation of tender documents.....	24
6.2. Invitation.....	26
7. Bid processing.....	27
7.1. Questions & Answers	27
7.2. Receipt of bids.....	28
7.3. Bid opening (1 of 2)	29
7.4. Bid opening (2 of 2)	30
8. Bid evaluation and selection.....	31
8.1. Technical evaluation.....	31
8.2. Financial evaluation (1 of 2).....	32
8.3. Financial evaluation (2 of 2).....	33
8.4. Supplier selection	35
9. Contracting.....	38
9.1. Contract preparation	38
9.2. Contract receipt	40
10. Policy Deviations.....	41
11. Procurement outside of SRTF	42
12. Supplier Management	43
12.1. Identification of potential supplier.....	43
12.2. Assessment of potential supplier	44
12.3. Approval of new supplier	46
12.4. Monitoring and Relationship Management.....	47
13. Monitoring and Reporting	48
13.1. Key Risk Indicators (KRI's)	48
13.2. Key Performance Indicators (KPI's).....	49
Document Maintenance	50

1. Introduction

This procurement manual describes the implementation of the SRTF Procurement Policy by the Management Unit. The level of detail is meant to cover the most common, repetitive procurement work steps. Incidents not covered by this Manual must be handled ad-hoc and sanctioned by the COO and/or DG.

This Manual is maintained by the Procurement Section and shall be reviewed and updated, when necessary, at least annually, or as and when considered necessary by the SRTF Management Committee (MC) or the MU. The initial version of this Manual must be approved by the Management Committee. After this, changes can be made by the Management Unit. The MC Chairperson is informed about any subsequent changes to this Manual.

All specifications made in this document apply to all procurement actions of SRTF. These are those within SRTF Recovery Projects done on behalf of IEs in Syria, procurement done for the Rapid Response Unit (Stabilisation Programme), and procurement done by the SRTF MU for its own needs of services, works or equipment. Where IEs are able to do procurement by themselves, the SRTF only keeps oversight on proper quality in the IE's procurement process.

1.1. Acronyms and Glossary

	Approved Supplier	Supplier approved, but not necessarily vetted, for procurement activities with SRTF.
BEC	Bid Evaluation Committee	Management Committee to discuss and agree on issues brought up during evaluation of bids.
	Bidder	A supplier that is <u>invited</u> to participate in any of the competitive procurement methods (LIB, Shopping, PO)
BOC	Bid Opening Committee	Committee to ensure proper opening and distributing of all received bids from suppliers.
BVFM	Best Value for Money	The most advantageous combination of cost (whole life cycle of goods, services or works to be acquired), quality and sustainability.
CMC	Contract Management Committee	Management Committee to discuss and agree on how to deal with requirements to update SSAs.
COO	Chief Operations Officer	Manages and keeps oversight on staff and operations of the MU companies.
CS CSH	Compliance Section Compliance Section Head	In addition to other tasks, serves as an independent control unit and thus exercises operational control over the procurement process.
DG	Director General	General Manager and sole member of the Board of Directors of the legal entities established by the MU.
DPO	Purchase Order	One of four eligible procurement methods. Purchase order to supplier, executed without tender / bid process. Used only for immaterial amounts.
EOI	Expression of interest	Request communicated to supplier to ask for general interest in participation in a tender
FA	Financing Agreement	Contract between IE and SRTF about project to support the Syrian people.
G/W/S	Goods, Works, Services	The three procurement types of SRTF. Goods includes transport services.
IE	Implementing Entity	Local municipal and public service providers, including local councils and local offices of public sector entities, local and international NGOs, and UN agencies, providing G/W/S to the Syrian people.
KPI	Key Performance Indicator	Defined to monitor activities that allow an evaluation of success or failure of a process.
KRI	Key Risk Indicator	Defined to monitor activities. Risk indicators serve as an early warning signal.
LIB	Limited International Bidding	Bid invitation documents with detailed specifications are sent to shortlisted bidders.

MA	Master Agreement	Contractual agreement with a supplier to simplify contracting. Should be considered whenever the supplier can be expected to be selected again in another, future bidding process, even for different service. “Purchase Agreement” for individual procurements are made to form the SSA.
MC	Management Committee	Approves the operational guidelines of the SRTF and provides guidance and supervision of the MU in general.
MCC	Management Committee Chairperson	Chairs the MC meetings and has authority to take certain decisions on behalf of the MC.
MU	Management Unit	Acting entity of the SRTF, with two MU companies (in Turkey and Jordan) and a DG, representing the MU.
PGS PGSH	Programme Section Programme Section Head	Organisational section of SRTF MU preparing projects, requesting related procurement activities from the PRS and monitoring and reviewing proper implementation by IEs. The PGSH is the Manager of the PGS.
	Potential bidder	A supplier that is <u>considered</u> to participate in any of the competitive procurement methods (LIB, Shopping, PO)
	Potential Supplier	A supplier identified as a possible partner to SRTF. Will be approved or rejected after assessment.
PP	Procurement Plan	Detailed Plan within the FA to define what G/W/S to procure and deliver. One PP will be implemented with one or more PRFs.
PRC	Procurement Review Committee	Meets on a quarterly basis to review and discuss all procurement activities.
PRF	Procurement Request Form	Form used to initiate procurement activity based on the PP. One or more PRFs represent one PP.
PRS PRSH	Procurement Section Procurement Section Head	Department in charge of procurement. Reports to the COO, develops this Manual and executes the procurement activities of the MU in line with the pertinent policy and procedure.
	Quotation	Financial offer in a non-competitive procurement
RfP	Request for Proposal	Invitation to suppliers to provide a technical and financial proposal on how to execute a procurement project with implementation details not fully defined in detail. Mostly used for services, but also for works.
RfQ	Request for Quotation	Invitation to suppliers to provide a technical and financial proposal for a project with implementation details defined in detail.
	Selected Supplier	Supplier selected in a bidding process or by PRSH for Direct Procurement (approved by COO) or for Purchase Orders.

	Suggested Supplier	Supplier suggested for a procurement activity. Taken among the approved suppliers.
SB	Steering Board	The Steering Board is responsible for SRTF strategies, general policies and overall supervision for the SRTF.
SSA	Supply and Service Agreement	The agreement signed between the selected supplier and the IE or one of the MU entities, on behalf of the IE.
TAC	Total Acquisition Cost	Overall cost of procurement including buying price and other relevant costs like taxes, shipping, installation, operating, training, maintenance, warehousing, environmental protection etc.
TEF	Tender Evaluation Form	The form used by the Programme Section to evaluate the technical offer.
TER	Tender Evaluation Report	The report drafted by the Procurement Section substantiating the winning bid.
TIL	Tender Invitation Letter	The document sent to selected bidders to invite them to participate in a tender.

1.2. Basic control concepts

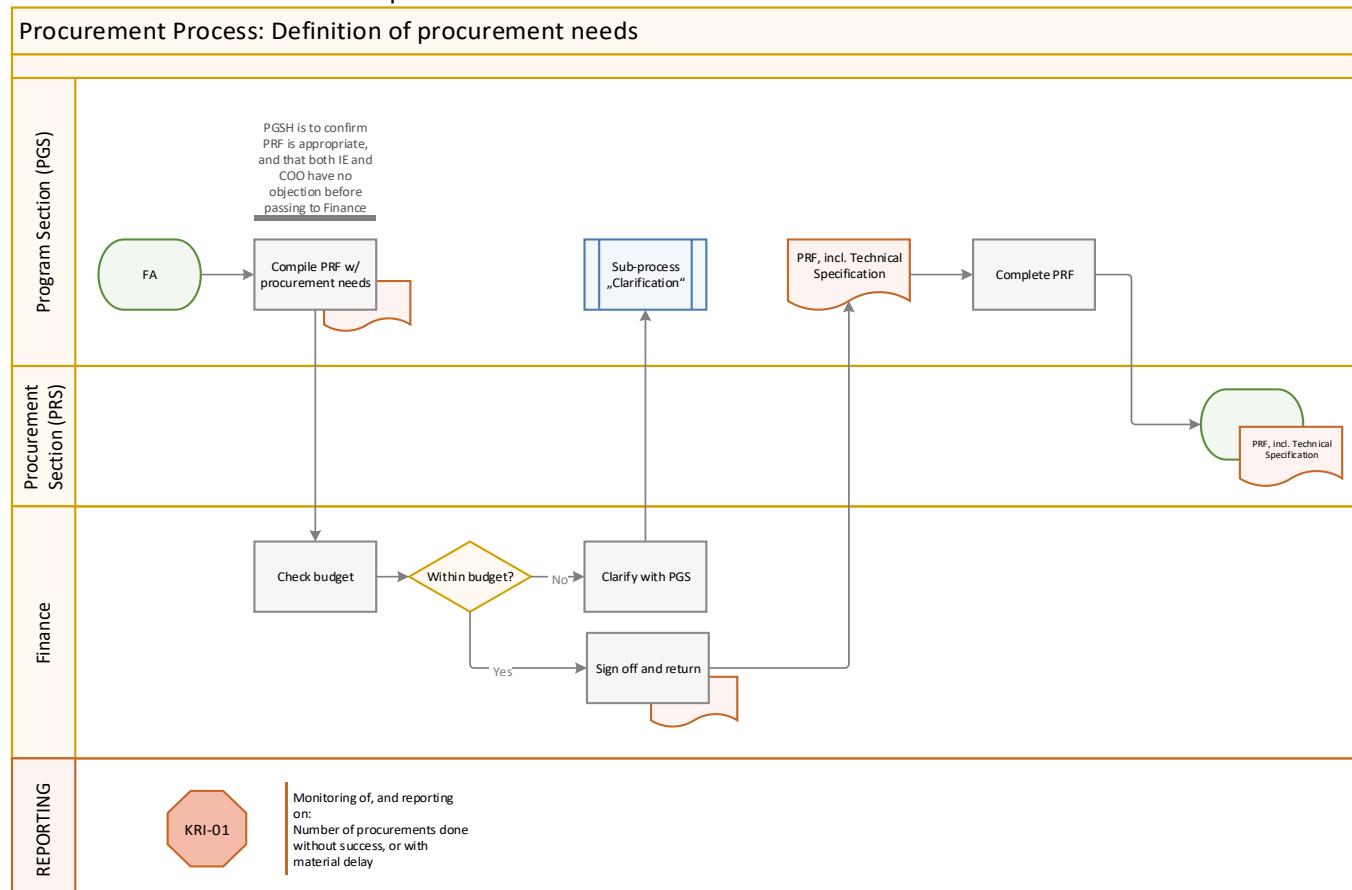
Control vs. Check	<p>A control refers to a step in the process that was put in place as a response to a risk.</p> <p>A check in the context of this process flow refers to something that needs to be considered.</p>
Decision making	<p>Decision makers have the authority and capacity to take decisions. They take decisions on a well-informed basis.</p>
Documentation	<p>Procurement is an activity with high exposure to fraud risk, internal and external alike. Proper paper/activity trails can mitigate that risk. It is therefore imperative that all procurement activities are documented properly. Decision-making in particular requires a meaningful presentation of all the options that are available, mention of possible implications, rationalization of any preferences and the decision that is eventually taken. Based on the documentation that is available, a knowledgeable third party should be able to see if procurement was carried out in compliance with policies and procedures and understand how a decision came about.</p> <p>→ see also <i>Traceability</i></p>
Incident management	<p>Events that have a negative impact on the objectives of a process are systematically captured and analysed. If necessary, the process is adjusted.</p>
Segregation of duties	<p>A prudent way to split responsibilities of critical process steps. Activities are assigned to different organizational units, so that not one function has control over an entire process.</p>
Signature	<p>A signature confirms a decision, or documents an approval, or proves that a control was carried out.</p>
Traceability	<p>Activities are documented in a way to allow a knowledgeable third party an understanding, like how a decision came about.</p> <p>→ see also <i>Documentation</i></p>

2. Procurement needs

2.1. Definition

Procurement starts with the definition of needs by the Programme Section in a Project Plan. This will be translated into one or more Procurement Request Form(s).

The initiative to start a procurement activity is taken by the COO based on proposal by the Programme Section Head in PGS. A Supplier Selection Committee (SSC) is called by the PGS to review each PCN and to subdivide this into PRFs in the most adequate way, thereby also confirming – or adjusting as tactically required - the strategically preferred way to invite suppliers for each of the PRFs. a Procurement Request Form. Different PRF forms shall be established to allow for a comprehensive description of requirements for all relevant types of procurement: Goods, Works, Services. The SSC will also agree on reasonable timeframes about the dates to start related bids and their respective deadlines.



Policy section: 5.2

Objective: Procurement knows the exact nature, quantity, quality, time, location of G / W / S to be procured. Sufficient information is given to the Procurement Section to be able to conduct a successful procurement process within time and budget.

Main Activities: Programme Section to develop Procurement Plan, which is translated into one or more Procurement Request Forms with integrated technical and other specifications, forming the basis for every procurement activity.

Main process step input: Procurement Plan of the Financing Agreement

Main process step output: Procurement Request Form defining what exactly shall be procured

Process owner: Programme Section

Key Risk Indicator #1:

Design: Monitoring of and reporting on: Number of procurements done without success, or with material delay.

Agent: PRS or CS

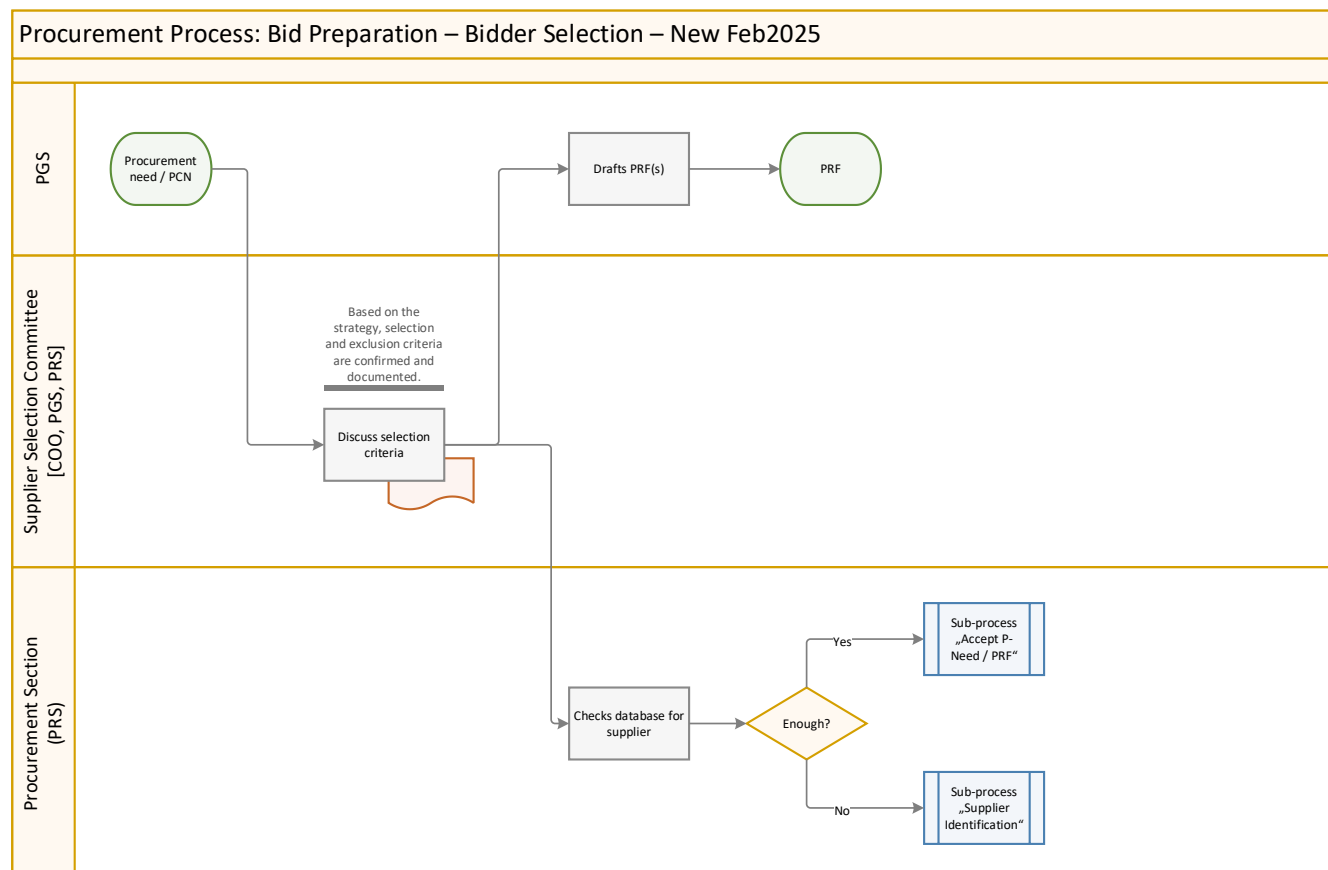
Risk: The main objective of the SRTF is not met, or (severely) disrupted. Decision makers are not aware. No action is taken to remedy the situation, and/or to avoid risk event in the future.

Rationale: This directive control allows senior management and the MC to be informed about problems in the procurement process, and to take action as deemed necessary.

2.2. Determination of supplier criteria

Starting July 2025, a newly defined and implemented supplier strategy aims to streamline the supplier selection process. To test and adapt the supplier strategy to fit specific purchasing requirements, a new Supplier Selection Committee (SSC) will re-confirm for each PCN (and all related PRFs) selection criteria – not the selection itself – of suppliers to be invited.

A desired side effect is that compliance carries out a clearly defined and limited control activity, reducing its direct influence on the operational process of supplier selection compared to its previous role. Instead of questioning the selection itself, Compliance control will be limited to checking that Procurement applies the selection rules as confirmed by the SSC.



The process starts with a requirement, which usually comes from the Programme Section in the form of a Project Concept Note (PCN). This triggers the timely convening of the SSC by the PGS.

The main purpose of the SSC is to facilitate the exchange of information about PCNs and to re-confirm the applicable rules for supplier selection for resulting PRFs. The Programme Section presents the PCN in general and the resulting procurements in particular. PRS can ask questions about the goods, works, or services (G/W/S) to be procured to ensure the selection of suppliers aligns with the specific requirements. This is particularly important for new G/W/S for which there is little or no previous experience, or no supplier strategy defined.

Procurement ponders the feasibility of the required procurements, particularly with regard to the availability of suitable suppliers. At this early stage, Procurement may thereby influence the drafting of the Procurement Request Form to ensure that procurements are split or bundled in a meaningful way.

Timetable: Procurement will propose a tentative timetable that includes the dates for (i) the call for tenders and (ii) the submission deadline for the bidders.

The SSC should address situations where Procurement is concerned that adhering strictly to the Supplier Strategy criteria is likely to result in failed bids. In such cases, the SSC serves as a sounding board and holds the authority to approve deviations from the Supplier Strategy.

It is also possible that there are too few potential suppliers for certain G/W/S. In this case, PGS will be given the opportunity to suggest new suppliers, who can then register online through the website. In addition to any suggestions from the PGS, the sourcing of suppliers is, as always, the responsibility of the procurement department.

It is important that the PGS is informed of any difficulties that may arise for the PRS as a result of the procurement request, so it can assess the impact on the programme and make necessary corrections.

In general, the SSC should discuss all cases where there are no clear rules for the selection of suppliers or where strict compliance with the strategically defined rules would jeopardise the success of the procurement, analyse operational options for action and arrive at decisions that are in the best interests of the SRTF.

In addition to the information provided here, the practical approach is described in the SSC's Terms of Reference.

After the SSC has established the rules for selecting suppliers to invite, the Programme Section works on the Procurement Request Form(s). Procurement now knows the details of the upcoming procurement and the criteria for selecting suppliers. It can use the time until the PRF is received to check the supplier database and ensure there are enough suppliers. If not, Procurement must take steps to find new suppliers.

If it shows in later stages of the process (e. g. bid processing, bid evaluation and related discussions in the Bid Evaluation Committee, or during implementation) that initial assumptions were unrealistic or improper and an adjustment of tender documents or specifications in the PRF (or even the PP) would allow for significant improvement of a procurement activity, such change requirements must be processed properly.

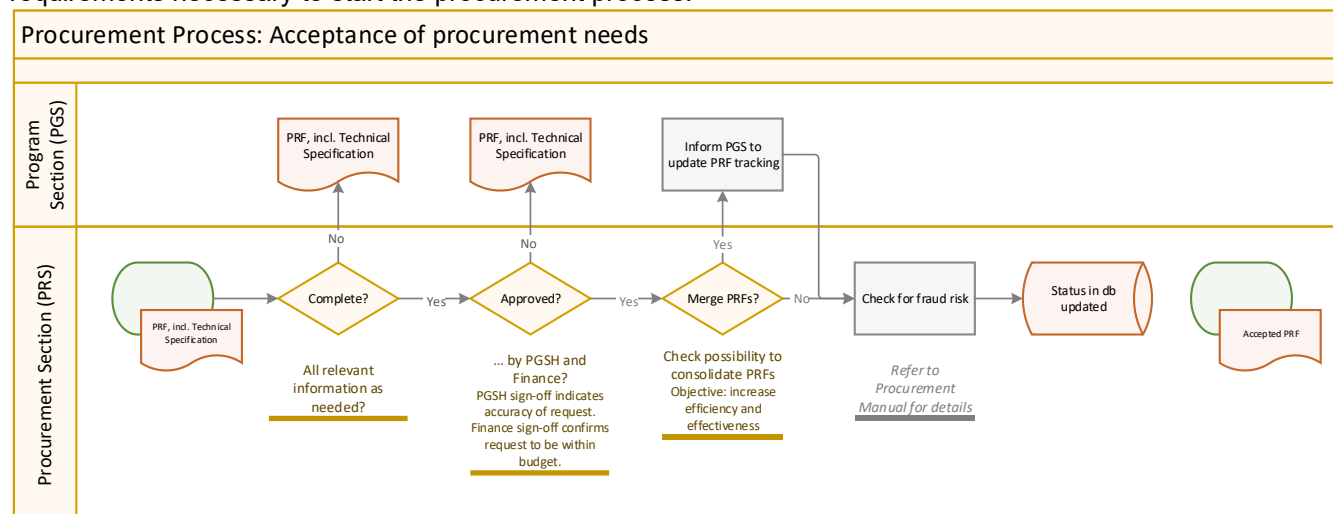
Objective: Each tender¹ should be sent to a manageable number of potential suppliers. The goal is to strike a balance between fair competition through wide distribution and ensuring the purchasing process remains efficient and promising, in line with the applicable supplier strategy.

The secondary objective is to anchor the responsibility for supplier selection in Procurement, thus clearly defining the responsibilities between Procurement and Compliance.

¹ This policy also applies to direct purchases and direct awards (DPO)

2.3. Acceptance

The Procurement Section receives a PRF and carries out certain checks to see if the form meets all requirements necessary to start the procurement process.



Policy section: 5.2.2

Objective: Procurement Section holds a viable procurement request form that it can act on.

Main Activities: The PRF received from Programme Section is checked to ensure that it meets all the formal requirements and that the specifications are clear and allow for a successful procurement.

Main process step input: Procurement Request Form (PRF), including technical specifications.

Main process step output: Procurement Request Form accepted by Procurement Section.

Process owner: Procurement Section

The PRF shall comply with the following requirements²:

- Definitions must be adequately categorized to allow for later comparison of received bids. Technical Specifications have Main Categories and Sub Categories and include
 - Clear description of required goods, works or services (technical specifications)
 - Amounts and units
 - Desired date of delivery or completion
 - Recipient / beneficiary and point of delivery
 - Price estimate
- The PRF shall ensure all relevant information is asked from suppliers, especially for bids where suppliers shall be selected by “best value for money” and not simply “lowest price”. Information required for a total acquisition cost approach over the project lifecycle should always be asked for complex procurements as appropriate.
- The type of Request (Request for Proposal or Request for Quotation) shall be specified.
- The PRF shall point out if certain items can be procured for by combining with items of other PPs or PRFs.
- The PRF shall be silent on Procurement Method and possible suppliers.

Special explanatory notes on *Check for fraud risk*:

A common fraud scheme in procurement is the attempt to define a procurement request in such a narrow way so that only one supplier can meet the criteria. In such scenario, a person within the organization that can influence the specification of the procurement request collaborates with the supplier that eventually wins the contract.

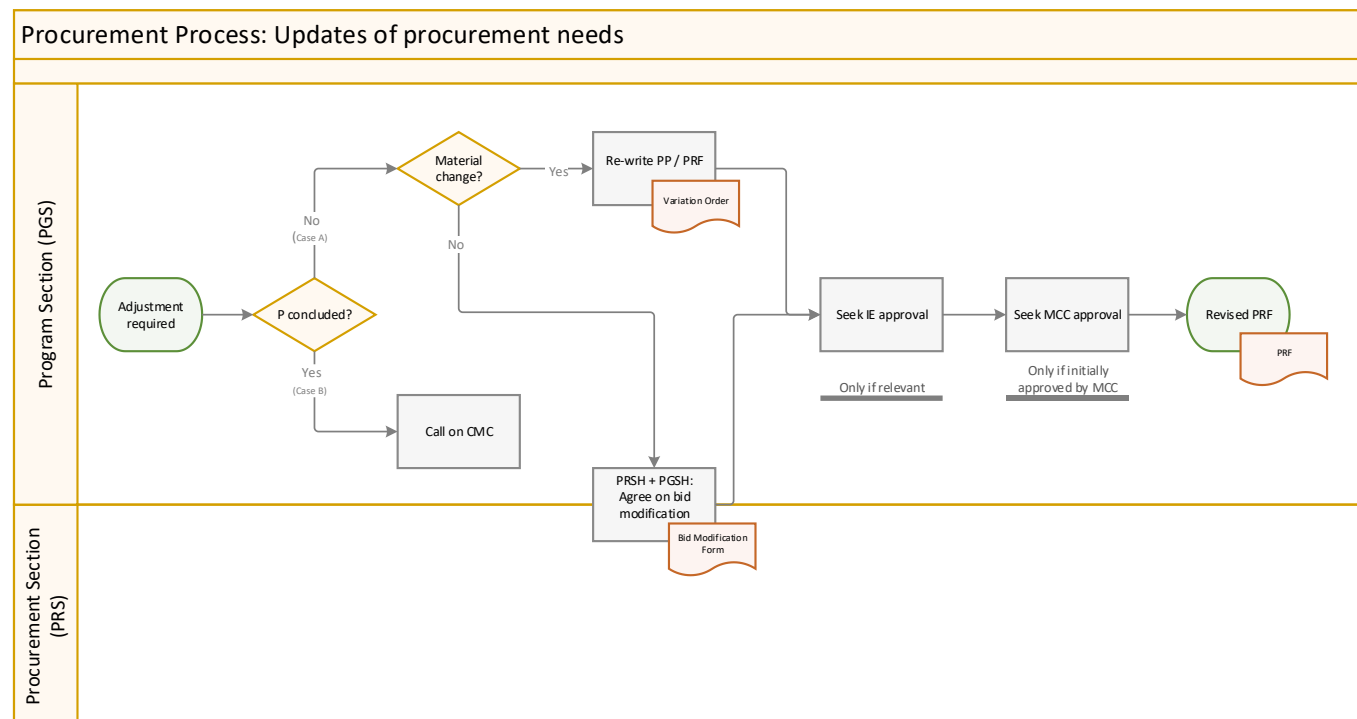
With that in mind, the procurement staff checks the PRF in question to see if there are any indicators for wrongdoing.

² Source: Procurement Policy, Section 5.2.2

2.4. Updates

This sub-process is largely dealt with by the Programme Section.

If it shows in later stages of the procurement process³ that initial assumptions were unrealistic or improper and an adjustment of tender documents or specifications in the PRF (or even the Procurement Plan) would allow for significant improvement of a procurement activity, such change requirements must be documented properly.⁴



Policy section: 5.2.3

Operations Manual: 5.3

Objective: Procurement needs are revised and lead to a better procurement outcome.

Main Activities: Revision of PP/PRF issued earlier, and obtaining all necessary approvals.

Main process step input: Knowledge about a need to revise an existing PP/PRF.

Main process step output: Revised PRF.

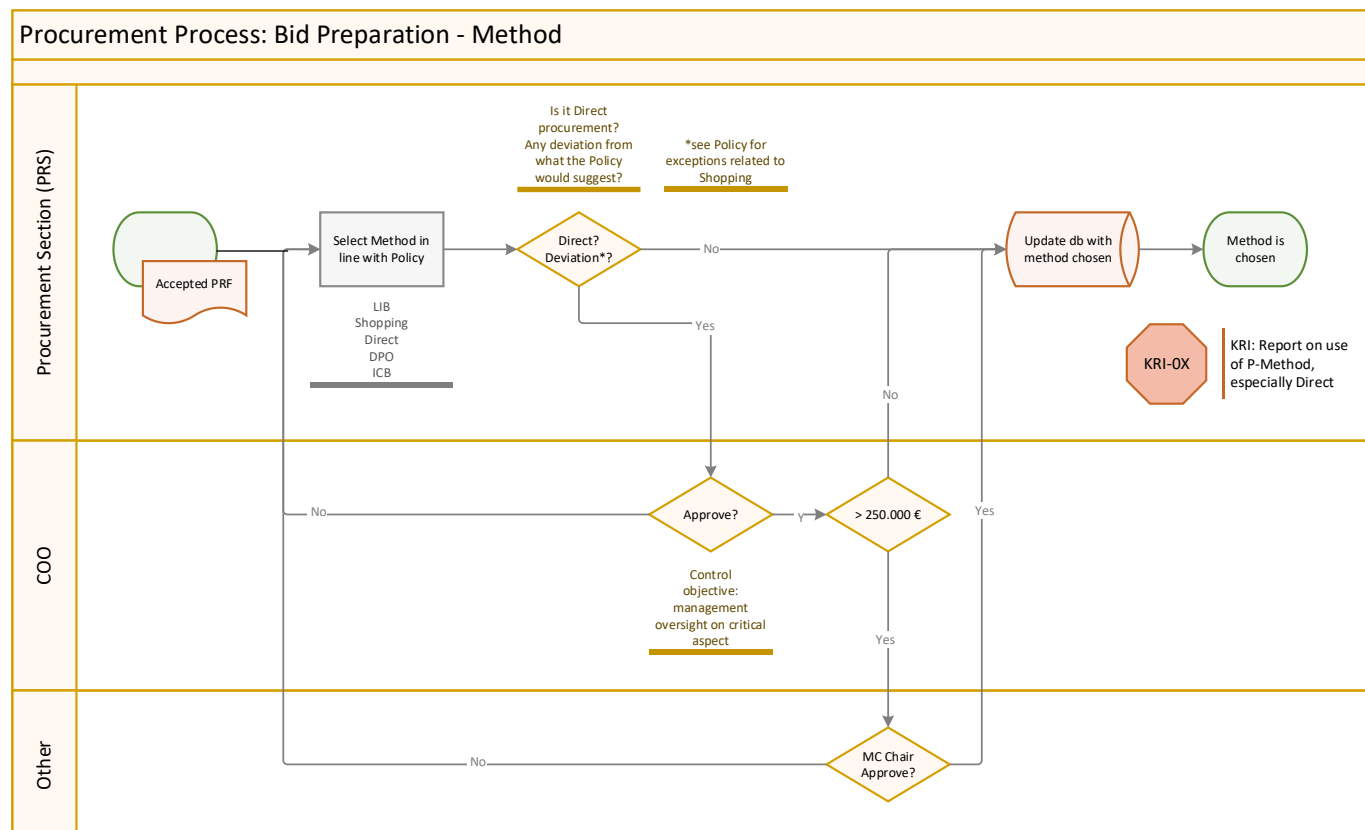
Process owner: Programme Section

³ e. g. bid processing, bid evaluation and related discussions in the Bid Evaluation Committee, or during implementation

⁴ Source: Procurement Policy, Section 5.2.3

3. Decision on procurement method

The procurement method to be applied is chosen by the Procurement Section Head as stipulated in the Procurement Policy. The preferred procurement method is LIB. While the PRF shall be silent on the procurement method, PRFs inducing other procurement methods shall be critically reviewed by the Procurement Section to prevent tender manipulation.⁵



Policy section: 2.2 and 5.3.1

Objective: A suitable procurement method is found that strikes a balance between a procurement that is transparent, fair, competitive, and one that is likely to yield the best results for the project.

Main Activities: Consideration of the best method given the circumstances, but within the provisions of the Policy.

Main process step input: Procurement Request Form (PRF) accepted by Procurement Section.

Main process step output: Decision on procurement method.

Process owner: Procurement Section

[Direct] Purchase Orders (DPOs) shall be used where the ordered values are immaterial (< 5,000 EUR) and an approved supplier is available.

Shopping may be used for procurements of > 5,000 EUR and up to 250,000 EUR. if supplies and / or services are so urgent that a bidding contest is not appropriate, such as in the case of emergency measures. The COO or DG must confirm this in writing.

Another reason to apply the shopping method for values > 250,000 EUR may be for works, if non-Syrian companies cannot deliver these on site due to the security situation. In such case, limited international bidding may not be feasible. Such case must be substantiated by a market analysis confirming delivery details of the Syrian supplier are in line with the Procurement Plan and actual market conditions and must be approved by the Programme Section Head.⁶

Direct: If Direct Procurement is suggested, this must be substantiated with one of the reasons as specified in the Procurement Policy.

Direct Procurement can be applied in any of the following cases:⁷

⁵ Source: Procurement Policy, Section 5.3.1

⁶ Source: Procurement Policy, Section 2.2.2.

⁷ Source: Procurement Policy, Section 2.2.3

- the MU concluded procurement for similar item/s and similar scope during the previous 6 months and it is confirmed in writing by the Procurement Section Head and the Programme Section Head that
 - the standard procurement methods would not lead to better procurement results and
 - the offered price does not exceed the price in the previous procurement case referred to by more than 5 % and not more than one year has passed since the preceding or the first of a series of related procurement cases;
- there is just one approved supplier available in the supplier database who can provide the required services, goods or works (such cases must be confirmed and documented jointly by the Programme Section and the Procurement Section)
- supplies and / or services are so urgent that a bidding contest is not appropriate, such as in the case of emergency measures.

Any case of Direct Procurement, even for amounts below 100,000 EUR, requires approval from the COO. If the DP method is chosen for cases > 250,000, additional approval for this procurement method is required from the MC Chairman.

Limited International Bidding (LIB) is done by pre-selecting suggested suppliers from the approved suppliers in the supplier database who have been confirmed being interested and capable of providing a meaningful offer.

International Competitive Bidding (ICB) shall be applied for procurement amounts exceeding 10 mln EUR.

Key Risk Indicator: The decision on the procurement method is tricky. While Direct almost always leads to successful procurement fast, it touches on the essence of prudent procurement management. The dilemma is between opposing objectives: efficient and successful procurement versus fair treatment of market participants that requires more resources. The Policy opens the possibility to apply Direct, and if chosen, the Procedure foresees a control in the form of management oversight on the part of the COO.

Another aspect when using Direct procurement is the elevated fraud risk that comes with that method, as it is fairly easy for a fraudster within SRTF to collude with a single exclusive supplier.

In order to control the risks that are associated with the choice of procurement method, a KRI is in place that serves the following objectives:

- It captures the number and volume of procurement activities for the different methods.
- It provides a regular report to the DG and COO and thus enables them to be well informed, and to take corrective measures if the risk is deemed too high.
- It provides a report to the Management Committee and thus allows the members to discharge their oversight responsibility.

The KRI is owned by the Compliance function, captured and reported by the same.

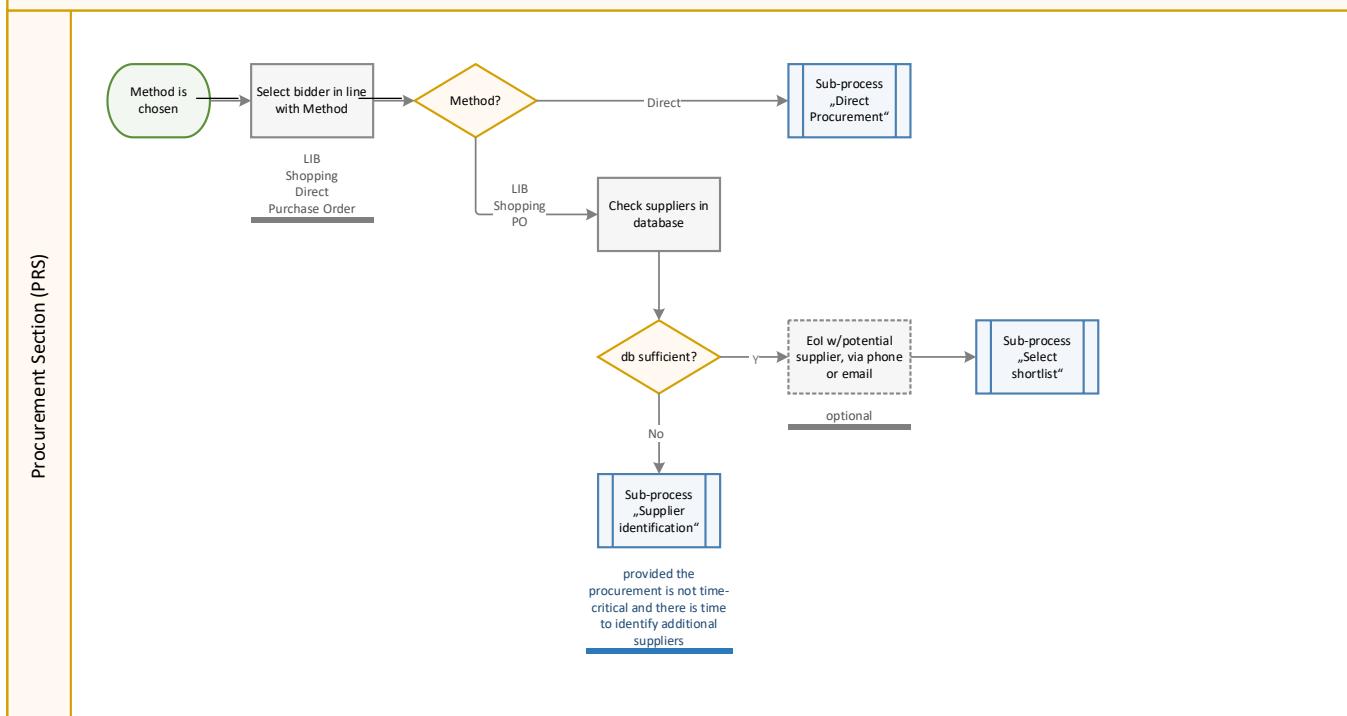
4. Bidder selection

Each bid should be sent to a manageable number of suppliers, which at the same time promise a proper return rate of useable bids or quotations. The Procurement Section uses the Supplier Database to filter out potential bidders in the way as resolved by the SSC to create a long list for each bid.

4.1. Database check

In the first step, the Procurement Section checks whether the supplier database contains the required number of approved suppliers.

Procurement Process: Bid Preparation – Bidder Selection (1 of2) (Policy 5.3.2)

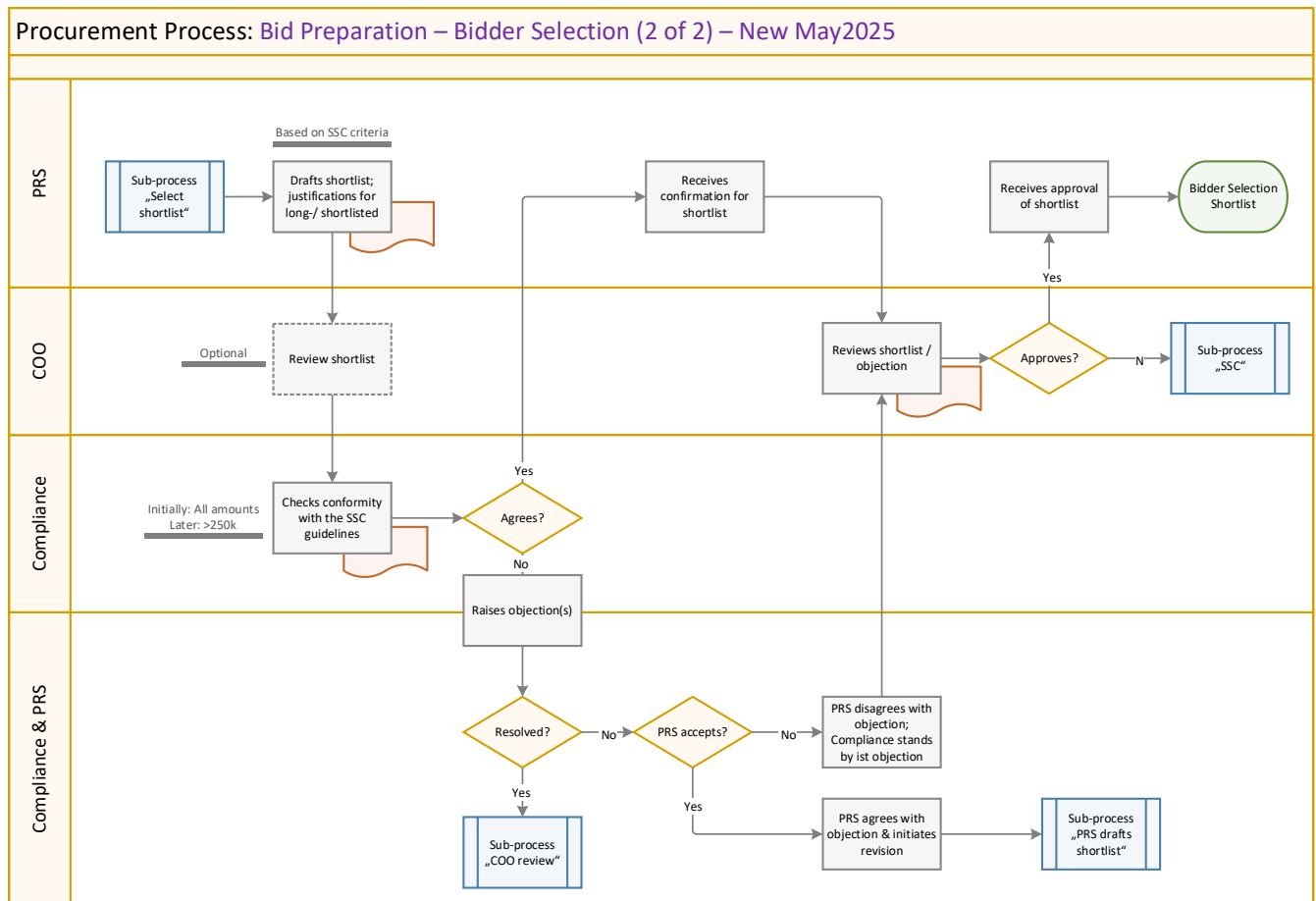


This process flow outlines the steps involved in bidder selection under the procurement policy (Policy 5.3.2). The procedure starts within the Procurement Section (PRS), where the appropriate procurement method must first be determined.

Database Check: For Limited International Bidding, Shopping, and Direct Purchase Orders the process continues by verifying whether there are sufficient suppliers available in the existing database. If the database contains enough suppliers, the PRS can contact individual (or all) suppliers (by telephone or email) to enquire about their interest (Eol). If the number of suppliers is insufficient, the process enters the Supplier Identification sub-process. This allows time to identify additional suppliers, provided the procurement is not time critical.

4.2. Compilation of longlist and shortlist

Based on the supplier strategy and the guidelines of the Supplier Selection Committee (SSC), PRS creates a long list and short list from the database of approved suppliers.



The PRS creates a list (long list). From this total of eligible suppliers, a selection of suppliers to be invited (shortlist) is made by PRS. A **clear justification** must be provided for any longlisted supplier that is not shortlisted and therefore, by definition, excluded from the tender. Likewise, justification must be given for the shortlist.

In implementing the Policy (Section 5.3.2), the selection – and its justification – should consider previous experience, expected responsiveness, anticipated price and quality, and the time since the last invitation. These factors should be combined in a way that maximises the likelihood of a successful procurement while also supporting the goal of maintaining strong relationships with suppliers, in line with the SRTF's strategic objectives. The mere presence of justifications does not guarantee that they are logically sound and comprehensible. Ensuring this is the responsibility of the Head of PRS.

The shortlist must be selected in a way that ensures fair competition at all times. To prevent bias, any conflict of interest must be avoided during the selection process. Suppliers who are highly unlikely to submit a bid should not be included, and the relevant procedures for assessing supplier interest (Expression of Interest, Interest to Bid) must be considered. In some cases, the longlist may include suppliers who have not been invited to submit bids for an extended period. To prevent an over-concentration on a small group of suppliers, it would be desirable to include such "dormant" suppliers in the selection process. However, this often comes with an increased risk that these suppliers may ultimately not submit a bid at all. Therefore, assessing their willingness to participate becomes particularly important, especially for those with little recent bidding history.

Criteria	Rationale
<ul style="list-style-type: none"> Are there clear directives from the SSC and/or PRC? 	<p>The SSC typically sets guidelines based on the overall strategy, specifying criteria such as the nature of the supplier (e.g., general trader vs. producer) and the countries in which suppliers are operational.</p> <p>The PRC, on the other hand, derives its directives from the analysis of past cases, providing guidance on whether greater efforts should be made to engage new or previously unconsidered suppliers.</p>
<ul style="list-style-type: none"> How often has a supplier been invited to submit a bid? How often has a supplier submitted a valid bid? How many contracts have already been awarded to the supplier? 	<p>A balance must be struck between relying on proven suppliers, which minimizes the risk of a failed tender, and selecting new or previously seldom-considered suppliers to expand the supplier base. If no specific guidelines exist, this decision is at the discretion of Procurement.</p>

Excursus on supplier selection: When selecting suppliers, procurement faces a dilemma between reliability and diversification. Choosing proven, reliable suppliers ensures on-time delivery, consistent quality, and minimal risk, reducing the chances of project delays, cost overruns, or supply chain disruptions. However, management may advocate for diversification to foster competition, drive innovation, reduce reliance on a few suppliers, and distribute business opportunities more equitably.

This creates a conflict: prioritizing reliability may limit market competition and slow the development of new supplier relationships, while diversification introduces the risk of working with less proven suppliers. The challenge for procurement is to find the right balance between risk management and strategic supplier development, ensuring new suppliers can be integrated without compromising operational stability.

The Procurement Review Committee, based on its regular analysis of tenders, may issue specific instructions to Procurement. This could include temporary restrictions on certain suppliers due to a high concentration of awarded contracts or other guidelines for supplier selection. These instructions must be taken into account when creating the shortlist.

Optional: If there are any problems in compiling the shortlist according to the SSC's specifications, the PRS will discuss and resolve this with the COO (to be documented).

The long- and the shortlist, along with detailed justifications, is then forwarded to **Compliance** for review.

Compliance carries out the following formal and procedural checks:

- (i) the longlist meets the selection criteria established by the SSC;
- (ii) the longlist includes all suppliers in the database matching these criteria;
- (iii) the minutes of the PRC are reviewed for specific instructions to Procurement regarding supplier selection, and Procurement's adherence to these instructions in the preparation of the longlist and shortlist;
- (iv) there is a clear and comprehensible justification for the inclusion of suppliers on the shortlist, as well as for the exclusion of those remaining on the longlist
 - a justification is provided;
 - the justification is sufficiently detailed to be understood;
 - the reasoning is internally consistent and not contradicted by documented supplier information.

What is not desired, however, is the creation of alternative shortlists by Compliance or the collection of supplier-related data in addition to the existing database. If Compliance becomes aware of gaps or errors in the database records, this must be brought to the attention of the PRS.

Compliance does not check the appropriateness of the decision of the SSC in setting the criteria for selecting the suppliers

For an interim period, Compliance will review all supplier selections. However, the stated objective is to review only shortlists for procurements valued at €250,000 or more.

If one (or more) of the control points reveals a discrepancy, Compliance will seek a personal meeting with PRS with the aim of clarifying the situation. The following scenarios are possible:

- (a) The enquiry is resolved without the need to change the supplier selection (including justifications).
- (b) The concern of Compliance is justified and the supplier selection/justification is changed.
- (c) There is no mutual agreement and Compliance addresses the matter in writing to the COO, with the PRS in cc.

Questions regarding supplier selection must always be addressed directly to the PRS first. The only exception applies if there are indications of fraudulent manipulation by PRS employees. In such cases, the suspicion must be reported directly to the COO/DG.

In assessing whether the supplier selection must be formally challenged, the risk principle applies. This means that only cases where there is a suspicion of unlawful favouritism or discrimination, as well as cases where the procurement volume, considering the financial risk categories, warrants further scrutiny, should be subject to objection. Compliance makes its assessment with the understanding that, in procurement, the primary risk lies in a failed bid. Therefore, disputes over supplier selection should be limited to material aspects, and Compliance also bears responsibility for minimizing the risk of failed tenders. The smooth execution and timely completion of the procurement process should not be jeopardized without good reason.

The COO evaluates the case presented by Compliance and makes a decision. The COO has the following options:

- (d) if the COO does not share Compliance's concerns, he/she approves the shortlist prepared by Procurement, and informs PRS accordingly;
- (e) If the COO shares the concerns, he/she will consult with the Procurement Department to (e1) address the concerns and proceed with the proposed shortlist, or (e2) obtain a new shortlist. At this point, it is at the COO's discretion whether to involve Compliance for further review;
- (f) If the COO shares the concerns and the issue warrants further discussion, he/she refers the matter back to the SSC. The discussion in the SSC may only deal with the question of whether the guidance for the PRS related to the shortlist needs to be adapted and why the strategy may not be applied (contrary to the original opinion of the SSC). Under no circumstances should it be about specific suppliers.

Policy section: 5.3.2

Objective: Transparent and balanced selection of approved suppliers who are invited to submit a bid.

Main Activities: Documented selection of approved suppliers from the database to create a longlist and a shortlist.

Main process step input: The procurement method has been defined.

Main process step output: List with potential suppliers that are invited to bid.

Process owner: Procurement Section

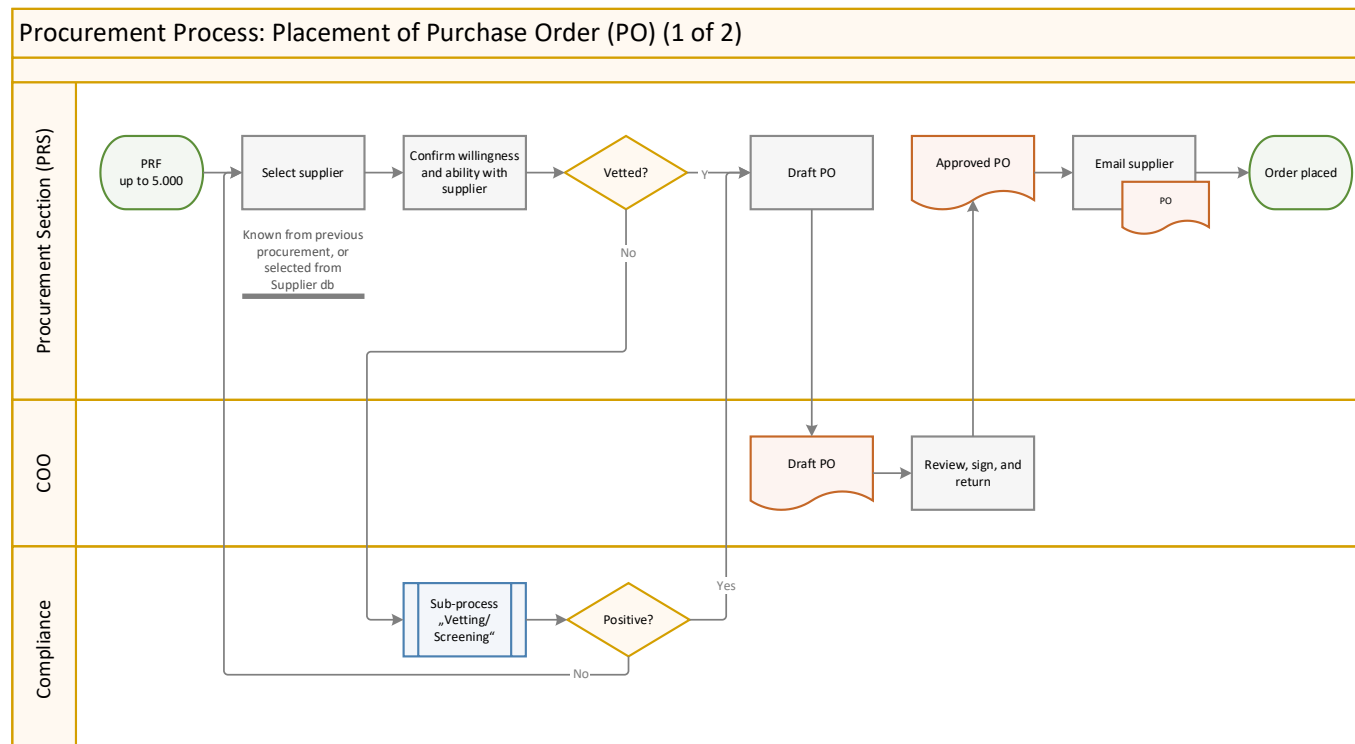
Fraud risk: Bidder selection is critical in fraud risk management; because it is at this point that a fraudster would want to ensure that his/her favourable supplier(s) are chosen. In a scenario where the procurement value is "high material", a control by Compliance takes place. It is meant to confirm that the bidder selection process was carried out properly and without undue preference to a particular supplier.

5. Purchase of G/S/Ws without tender process

The Procurement Policy provides for certain procurement activities to be undertaken without a competitive bidding process. The applicable methods are Purchase Order (PO) and Direct Procurement (Direct). Reference is made to section 2.2. of the Procurement Policy.

5.1.Placement of Purchase Order (PO)

Purchase Orders shall be used where the ordered values are immaterial (up to 5,000 EUR) and an approved supplier is available. In this case, the Procurement Section can order required G / W / S as described in the PRF from an approved supplier listed in the Supplier Database. Prices must be confirmed to be in line with market prices, deviations must be substantiated by the PRSH.⁸



Policy section: 2.2.4

Objective: Items of immaterial value are procured using a simple fast track procedure.

Main Activities: Identification of supplier, and placement of purchase order.

Main process step input: PRF in the value of up to 5,000€ or equivalent.

Main process step output: Purchase order placed.

Process owner: Procurement Section

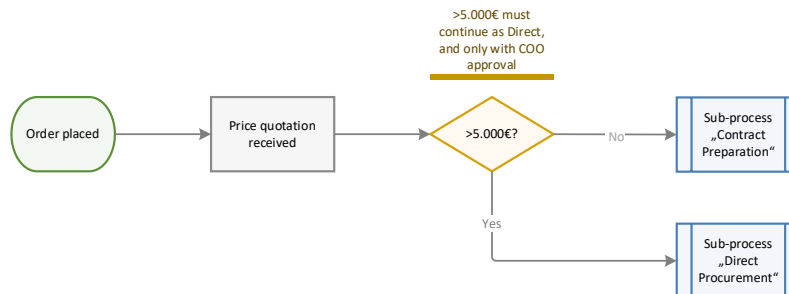
⁸ Source: Procurement Policy, Section 2.2.4

5.2. Purchase Order (PO) – Price quoted > 5,000 EUR

If an offered price exceeds 5,000 EUR, a purchase order is not allowed. In such cases, the PRSH can continue the process by seeking approval from the COO to apply Direct Procurement instead.

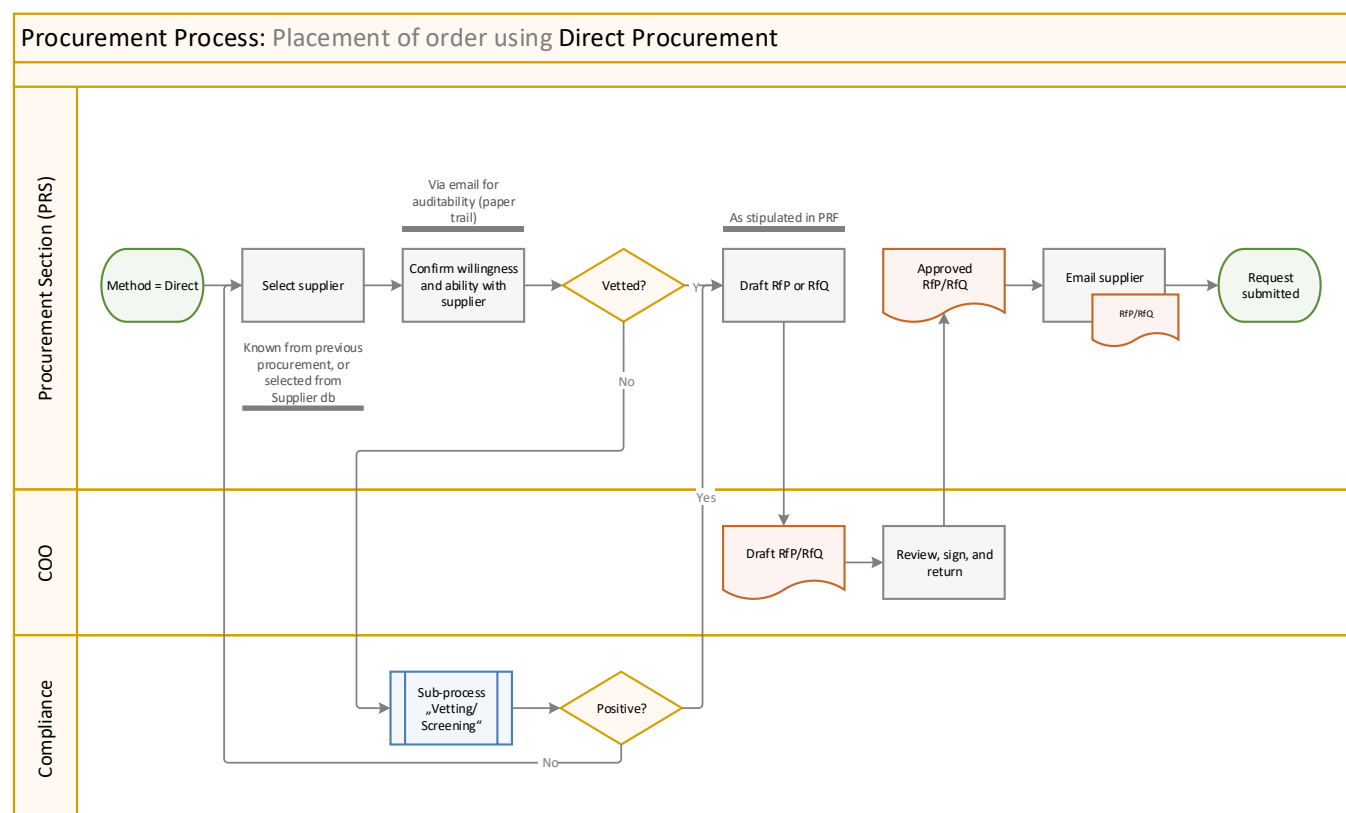
Procurement Process: Placement of Purchase Order (PO) (2 of 2)

Procurement Section (PRS)



5.3. Direct Procurement: RfP/RfQ

Direct Procurement at SRTF has proven to be a very appropriate method to manage the special situation under which the SRTF operates. While it usually departs from the principles of competition, fair selection, equal opportunity, etc., experience has shown that it is a method that often helps SRTF best to achieve its objectives.⁹



Policy section: 2.2.3

Objective: Certain items are procured using a simplified fast track procedure.

Main Activities: Identification of supplier, and submission of RfP/RfQ.

Main process step input: Procurement method is Direct.

Main process step output: Submitted RfQ/RfP.

Process owner: Procurement Section

Excerpt from the Policy for the application of Direct Procurement¹⁰:

Threshold	Standard Procurement Process Method for G / W / S ¹¹	Approval
> € 5,000 - € 100,000	Shopping or Direct Procurement	COO

Direct Procurement can be applied, in complementation to the above table, in any of the following cases:

- the MU concluded procurement for similar item/s and similar scope during the previous 6 months and it is confirmed in writing by the Procurement Section Head and the Programme Section Head that
 - the standard procurement methods would not lead to better procurement results and
 - the offered price does not exceed the price in the previous procurement case referred to by more than 5 % and not more than one year has passed since the preceding or the first of a series of related procurement cases;
- there is just one approved supplier available in the Supplier Database who can provide the required services, goods or works (such cases must be confirmed and documented jointly by the Programme Section and the Procurement Section)

⁹ Source: Procurement Policy, Section 2.2.3

¹⁰ Source: Procurement Policy, Section 2.2

¹¹ Either procurement method can be undertaken with a Request for Proposal or for Quotation, depending on the complexity of the needs definition. The decision about which request type (RfQ or RfP) will be applied is taken by the Programme Section Head.

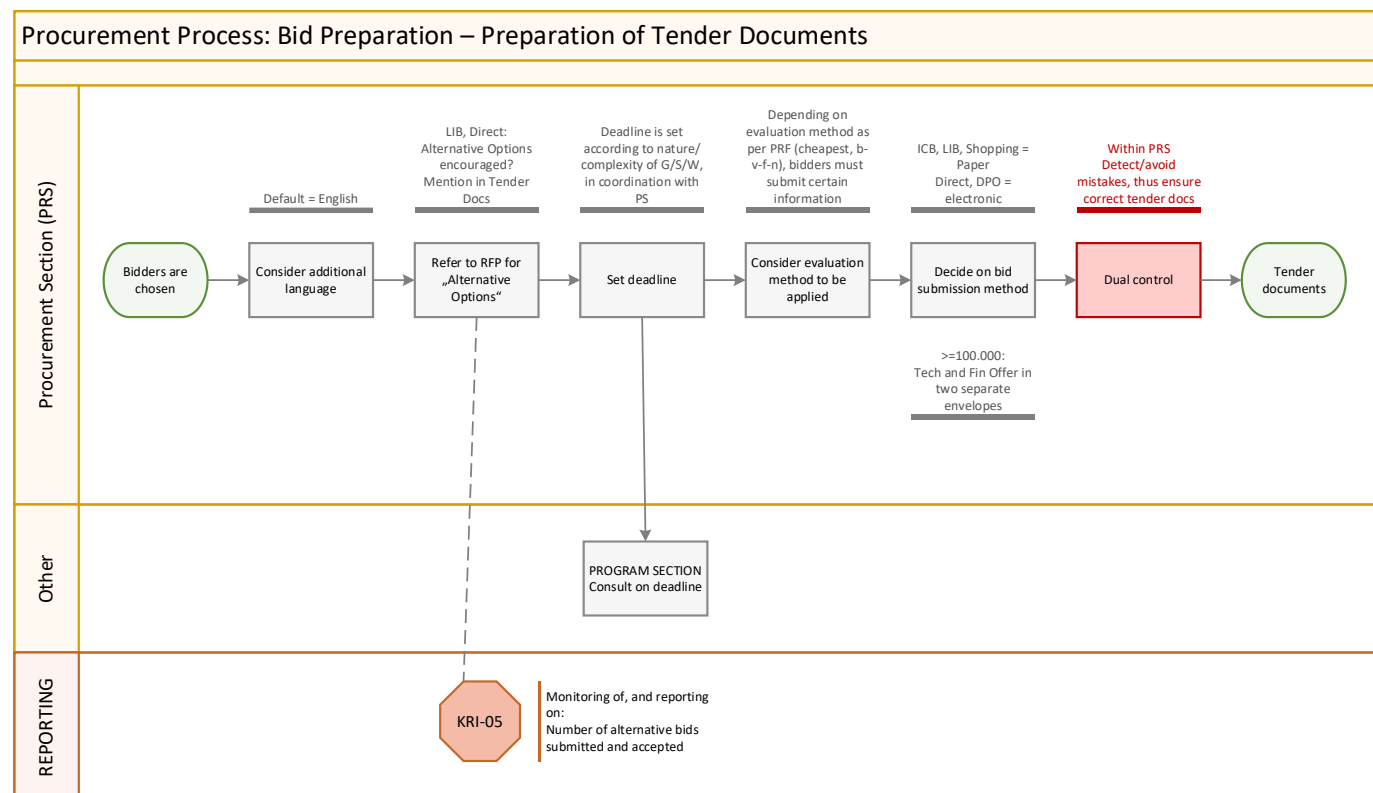
- supplies and / or services are so urgent that a bidding contest is not appropriate, such as in the case of emergency measures.

Any case of Direct Procurement, even for amounts below 100,000 EUR, requires approval by the COO.

6. Bid preparation

6.1. Preparation of tender documents

Once the procurement method is defined and the bid invitees are selected, the tender documents are prepared and shared with all bid invitees.



Policy section: 5.3.3

Objective: Tender documents are prepared, with all necessary information for an effective and efficient tender process.

Main Activities: Draft a set of tender documents that comply with the requirements laid out in the Procurement Policy. Ensure that the tender documents contain all the information that a supplier needs to have in order to submit a legitimate offer.

Main process step input: List of bidders to be invited. PRF with technical specifications.

Main process step output: Full set of tender documents.

Process owner: Procurement Section

Tender documents shall comply with the following rules:¹²

- They are made of standard documents, based on specifications made by the Programme Section and updated with supplier details and tender details as per the PRF.
- A reasonable bid time and period for seeking further clarification is defined by the Procurement Section in coordination with the Programme Section.
- The expected format of bid documents from bidders or for quotations is specified. All ICB cases and LIB and Shopping cases for procurement values above or equal to 100,000 EUR require a technical offer separate from a financial offer. Bidding documents for shopping for amounts below 100,000 EUR can be requested with a combined technical and financial offer. The decision on whether separate offers or combined offers are requested is taken by the Procurement Section Head together with the Programme Section Head. If they cannot agree, the COO decides.
- With LIB and Direct Procurement, suppliers shall be invited to provide alternative options to the specifications made if this has been considered useful by the Programme Section.
- The applied procurement method and the invited suppliers are not disclosed.
- Invited bidders shall be asked to confirm receipt of the tender documents.

¹² Source: Procurement Policy, Section 5.3.3

- Tender documents can be sent in electronic or in printed version as considered appropriate by the Procurement Section. The corresponding invitation to bid must be signed by a legal representative of SRTF.
- The PRSH can ask for electronic delivery of bidding documents (e. g. by e-mail) in case of DP and PO with bid values up to 100,000 EUR.
- Information for conflict resolution is made available to selected bidders once again.

Key Risk Indicator #5:

Design: Monitoring and analysis of and reporting on: Alternative bids submitted and accepted.

Agent: Procurement Section

Risk: When drafting the (technical) specifications for a tender, the Programme Section might not be aware of alternative options that exist for the required G/W/S's. These alternative options might be better suited, cheaper, or should in other ways be given preference over the specifications as formulated by the PGS. By not allowing alternative options as part of the bidding, the procurement objectives are at risk.

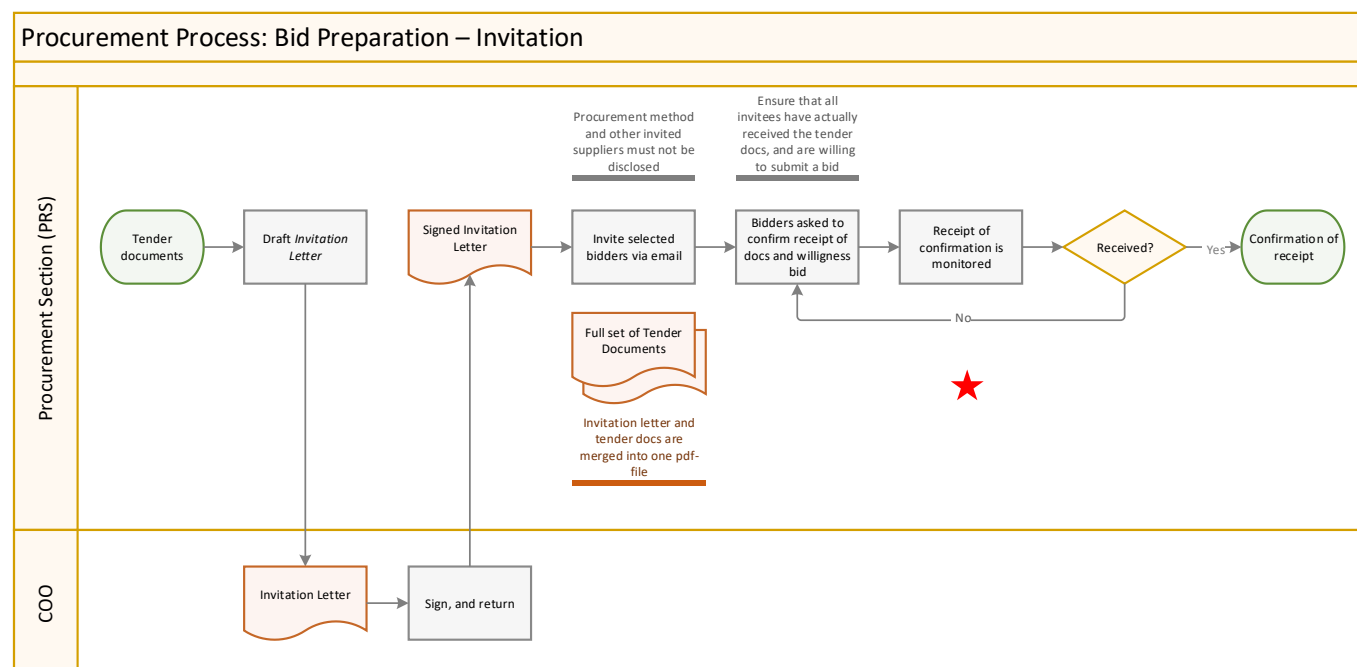
Rationale: This directive control has the Procurement Section capture alternative bids for analysis. The idea is that (i) the SRTF is aware of the alternatives that are available for certain G/W/S, and (ii) can critically review the specifications drafted in the past for those items, possibly adopting some or all of the alternative solutions offered by bidders.

Key Control:

Tender documents are complex, and they come with many details that need to be accurate. A control is put in place to avoid a situation where a tender is delayed, or even unsuccessful, due to mistakes made during the tender preparation phase. A staff member from the Procurement Section that was not involved in the tender preparation must carry out that control. The control is supposed to detect mistakes and/or missing information, or any other detail that could hamper the bidding process.

6.2. Invitation

Each bid should be sent to a manageable number of suppliers, which at the same time promise a proper return rate of useable bids or quotations. This number is 1 for Direct Procurement and for Purchase Orders. For other procurement methods with a total budget that does not exceed EUR 500,000 it must be at least 2, while the preferred number is 3 - 5. For all tenders with budget of EUR 500,000 or more, the minimum invited bidders should be 5 and the maximum will not exceed 7 invited bidders¹³



Policy section: 5.3.2

Objective: The potential suppliers that were chosen to be invited to a tender receive the full set of tender documents on time.

Main Activities: The tender documents are made available to the invitees, and the Procurement Section obtains confirmation of receipt from the invitees.

Main process step input: Full set of tender documents.

Main process step output: Confirmation of receipt from every invitee.

Process owner: Procurement Section

★ **“Receipt of confirmation”:** This process step originates in the early experience of the Fund when suppliers were invited to a tender but failed to submit offers. As a result, many tenders had to be cancelled. Asking the invited supplier to confirm receipt of the tender documents and to confirm willingness to submit an offer addresses the following risks:

- The supplier has not received the documents (spam folder?) and does not submit an offer because of that. By (repeatedly) asking the supplier for a confirmation of receipt, the supplier might inquire into the supposed non-receipt of the tender documents.
- The supplier has received the documents but has no intention to submit an offer. If that information is given to Procurement, it gives an opportunity to invite additional suppliers to the tender.

Depending on the circumstances (like size and/or importance of the procurement, number of alternative suppliers), PRS might want to contact the supplier by phone or through an agent visit, or if language is an issue, by another email in English and local language. The idea is to “educate” the supplier about the importance of sending a confirmation and encourage a more responsive attitude.

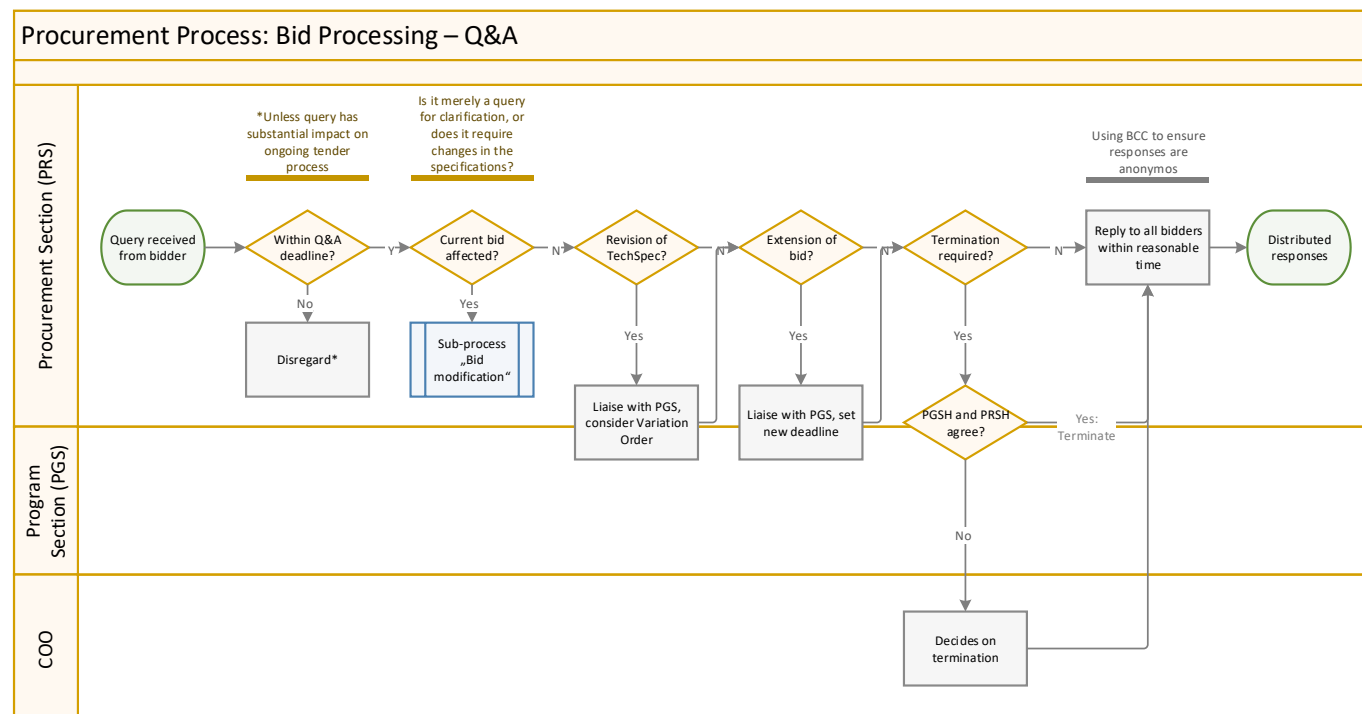
If the supplier does not respond to the repeated request from the PRS, it should be flagged in the Supplier Database accordingly, with a notification going to the supplier that the rating was dropped, which might result in the supplier not being considered for future procurement activities.

¹³ Source: Procurement Policy, Section 5.3.2

7. Bid processing

7.1. Questions & Answers

The Procurement Section receives questions from invited suppliers, coordinates clarification with the Programme Section and shares responses with all invited suppliers as and when appropriate.



Policy section: 5.4.1

Objective: Selected bidders are able to seek clarifications and come forward with alternatives if applicable.

Main Activities: Questions are received and checked for a possible impact on the tender, with a proper response given.

Main process step input: Query received from a bidder.

Main process step output: Response given to bidder.

Process owner: Procurement Section

The critical issue in this sub-process has to do with the impact a query might have on the tender process. In other words, if a query goes beyond a simple clarification, but puts the entire tender process in jeopardy. This would be the case if the specifications are at fault or cannot be met for whatever reason. In an event like this, a diligent analysis is required that should include a summary of lessons learned, e.g. future adjustments to the need's identification process, or the tender document preparation.

Questions received after the defined deadline will be ignored, unless their answering would make a substantial difference to bidders. In this case, and whenever considered helpful by the Procurement Section, the Procurement Section Head and the Programme Section Head should decide how to proceed. Reference is made to Section 2.3 of this Manual, and Section 5.2.3 of the Policy.

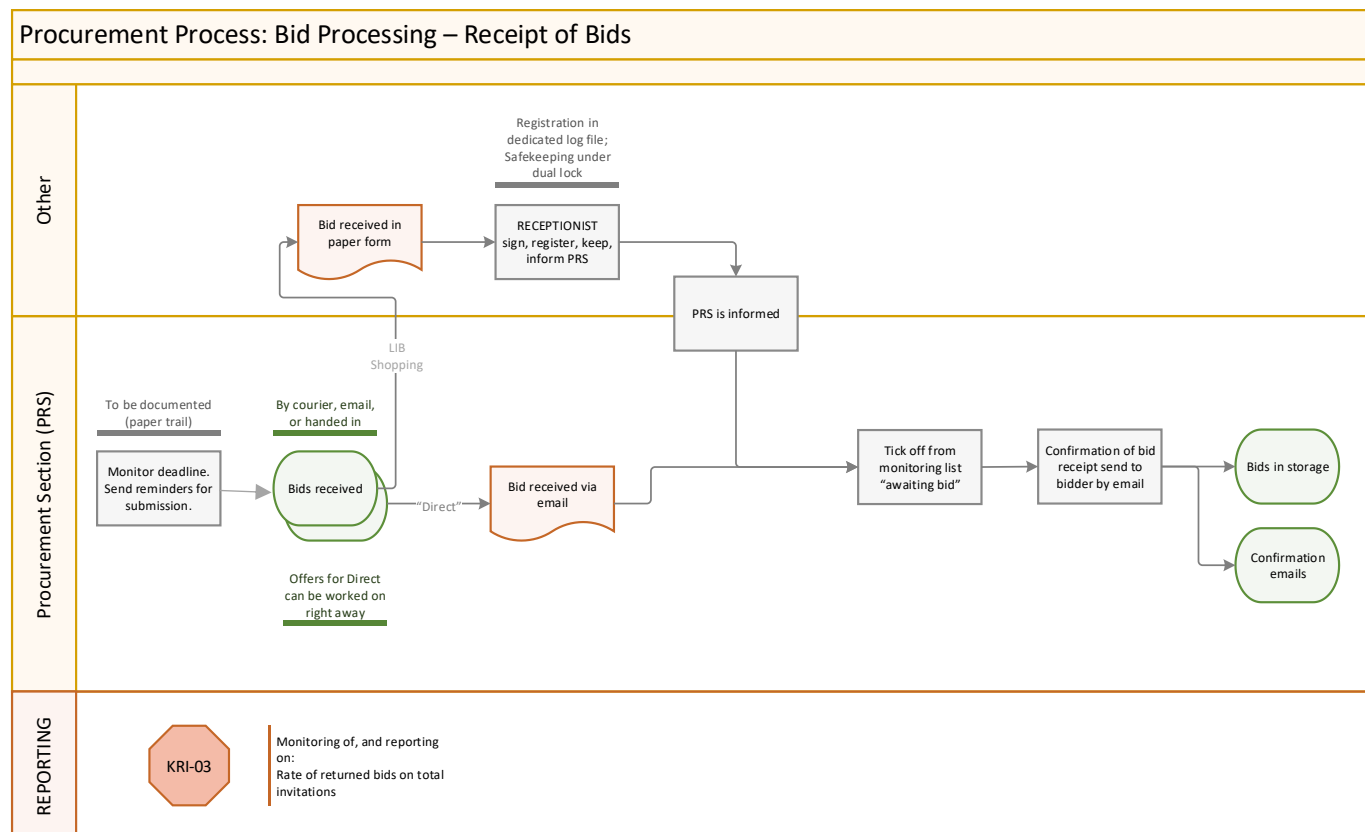
If the bidder posts an unnecessary question, the reply is given to that bidder only without distributing it to the other bidders. A question qualifies as “unnecessary” if it is down to the fact that the bidder has not read the tender documents properly, in other words the answer to the question is obvious from the information already provided.

7.2. Receipt of bids

Bid documents are received in paper form or electronically and in a way that ensures confidential treatment, and that no documents are lost. A log must be maintained and bid documents must be locked away until opening in such a way that only two people can access them. Inadvertent opening of bid documents must be escalated to Compliance or the COO. The bid receipt log must take note accordingly and bid envelopes should be closed again and passed on to the BOC, which will discuss and decide on their eligibility.

Bid documents must be received within the defined bid deadline. If circumstances call for it¹⁴, bids received after the deadline may be considered if it can be confirmed that the supplier initiated the shipment through a courier service five days prior to the deadline.

Offers for Direct Procurement must not be locked away but can be opened immediately by the Procurement Section.



Policy section: 5.4.2

Objective: Bids received are kept secured and treated confidential until bid opening.

Main Activities: Monitor bid submission. Receipt and storage of bids.

Main process step input: Bid received.

Main process step output: (i) Bid in storage. (ii) Email send to bidder, confirming receipt of bid ("confirmation email").

Process owner: Procurement Section

Key Risk Indicator #3:

Design: Monitoring of and reporting on: Rate of returned bids on total invitations.

Agent: Procurement Section

Risk: Not enough offers are submitted, making the bidding less competitive, or even void. If it happens and the reasons are not known, the situation might repeat itself and future tenders might be adversely affected.

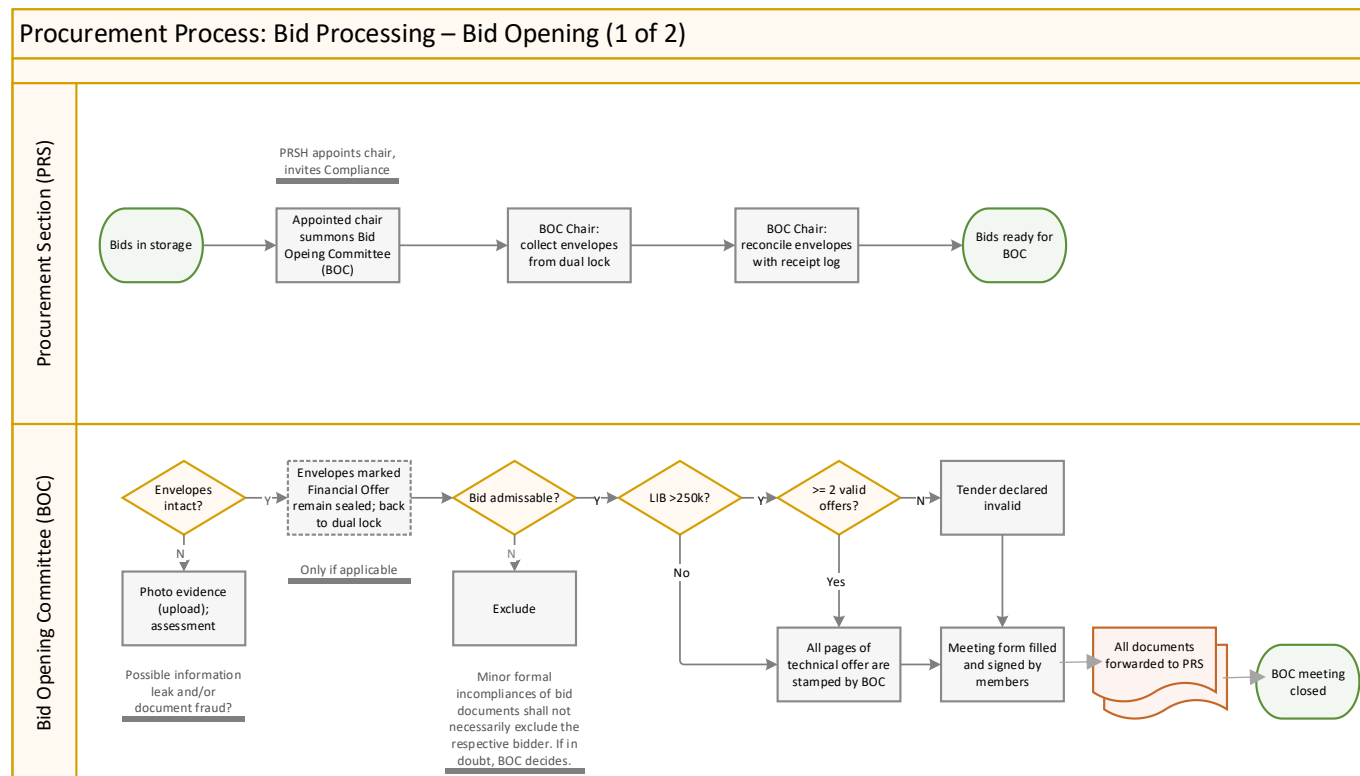
Rationale: This directive control brings awareness to an issue and allows for a proper response in case the issue is deemed problematic. A root cause analysis could be a first response, with subsequent action taken to ensure that more bids can be received.

¹⁴ For example: During the SARS-CoV-2 pandemic, at times flight schedules were severely disrupted and led to late receipt of offers sent via international dispatch companies.

7.3. Bid opening (1 of 2)

The first part of the bid opening sub-process covers the physical opening of envelopes with the technical offers.

Opening of bid documents is done by the Bid Opening Committee (BOC), which takes appropriate measures to avoid manipulation of received bids. Compliance serves as a member of the BOC to execute independent monitoring of the bid opening process.



Policy section: 5.4.3; Annex A – BOC Terms of Reference

Objective: The bids are opened using a due process, thus minimizing the risk of bid manipulation.

Main Activities: Opening of bids received in envelopes by the Bid Opening Committee (BOC). Check for (formal) admissibility of bids.

Main process step input: Bids (envelopes) in storage.

Main process step output: BOC meeting closed.

Process owner: Procurement Section.

The bid opening process follows standard international practice. The involvement of a committee with three members for the bid opening minimizes the risk of post-factum bid manipulation. The issue at this point of the procurement process could be that a tender is unsuccessful because bids do not meet (all) the requirements, like the envelope being fully intact. The admissibility checks should not be too rigid if the committee considers the bidder to be otherwise integer. Minor wear and tear of outside envelopes should not exclude the offers if the envelopes containing the financial and technical offers are not damaged and documents are not compromised. If in doubt, the BOC shall decide.

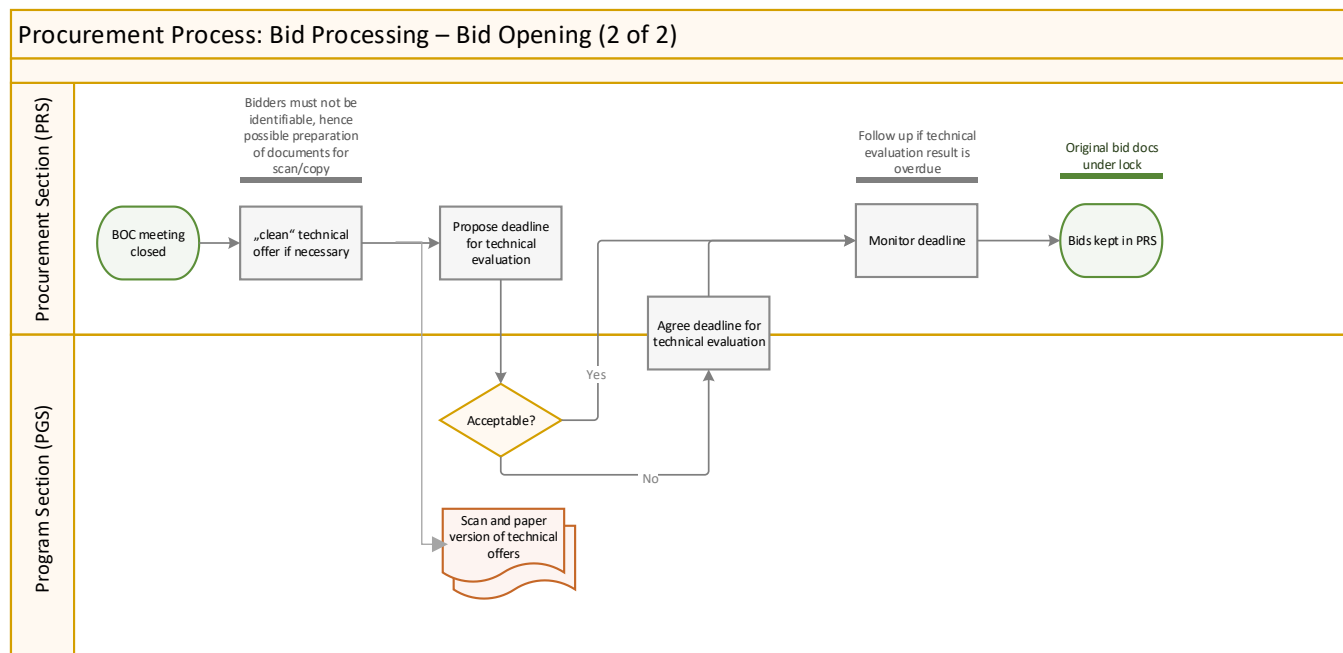
For tender values above 250,000 EUR that follow LIB bidding process it is obligatory that at least two technically and financially compliant offers were received. Otherwise, the tender must be declared unsuccessful.

The opening process shall be recorded in minutes. If received physical envelopes are damaged or if they had been opened inadvertently, the possibility of information leaking shall be discussed by the BOC.

If Financial Offers had been requested to be sent separately, these shall be kept closed until technically complying bids have been identified. After the BOC meeting, they shall be kept under dual lock again until it is time to open them.

7.4. Bid opening (2 of 2)

The second part of the bid opening sub-process describes the preparation of the received offers for subsequent technical evaluation by the Programme Section.



Policy section: 5.4.3

Objective: The Programme Section received the anonymized technical offers for evaluation within the agreed deadline.

Main Activities: Forwarding “clean” technical offers to the Programme Section.

Main process step input: BOC meeting closed.

Main process step output: Deadline for technical evaluation, with original offers kept with PRS.

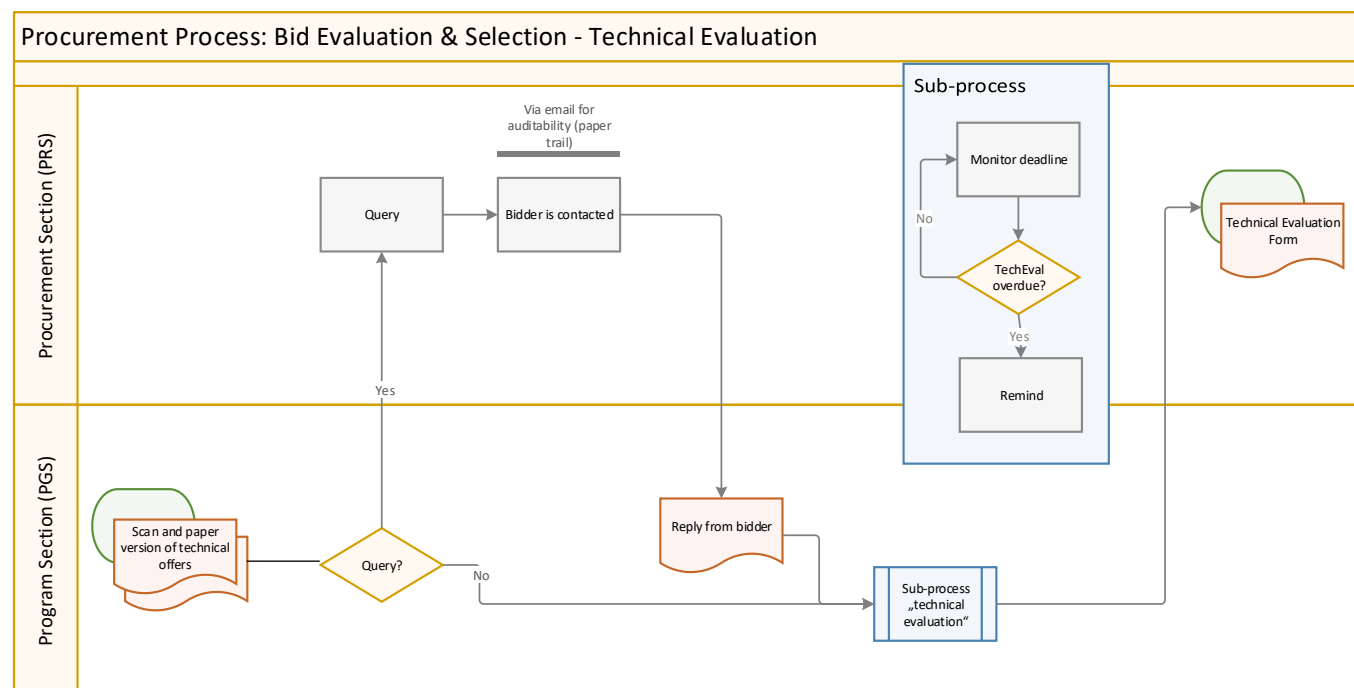
Process owner: Procurement Section.

The evaluation of technical and financial offer should be carried out without any bias towards the bidder. Technical offers shall be scanned and passed on one by one with no hints to the respective bidder to the Programme Section for evaluation. The original file is kept locked at the Procurement Section.

8. Bid evaluation and selection

8.1. Technical evaluation

The Programme Section must use a pre-defined technical evaluation form and provide results to Procurement Section in a summary form to ensure a high level of objectivity. Any case of technical non-compliance of a bid must be substantiated and documented in the Technical Evaluation Form. Questions to bidders resulting from the technical review must be shared by the Programme Section with the Procurement Section, who will clarify.



Policy section: 5.5.1

Objective: Bids are evaluated in an objective and transparent manner.

Main Activities: Technical evaluation done by the Programme Section (PGS). Queries from the PGS are taken up with the bidder by Procurement Section.

Main process step input: Technical offer.

Main process step output: Technical evaluation form.

Process owner: Procurement Section for query with bidder. Programme Section for technical evaluation.

Bid Clarifications from Bidders and Corrections

Where information contained in a bid is unclear, the evaluator(s) may seek clarification of the information from the bidder. Clarifications cannot be used to amend the price of the bid (with the exception of the correction of arithmetic errors), to correct material deviations or to make other significant changes to any aspect of the bid.

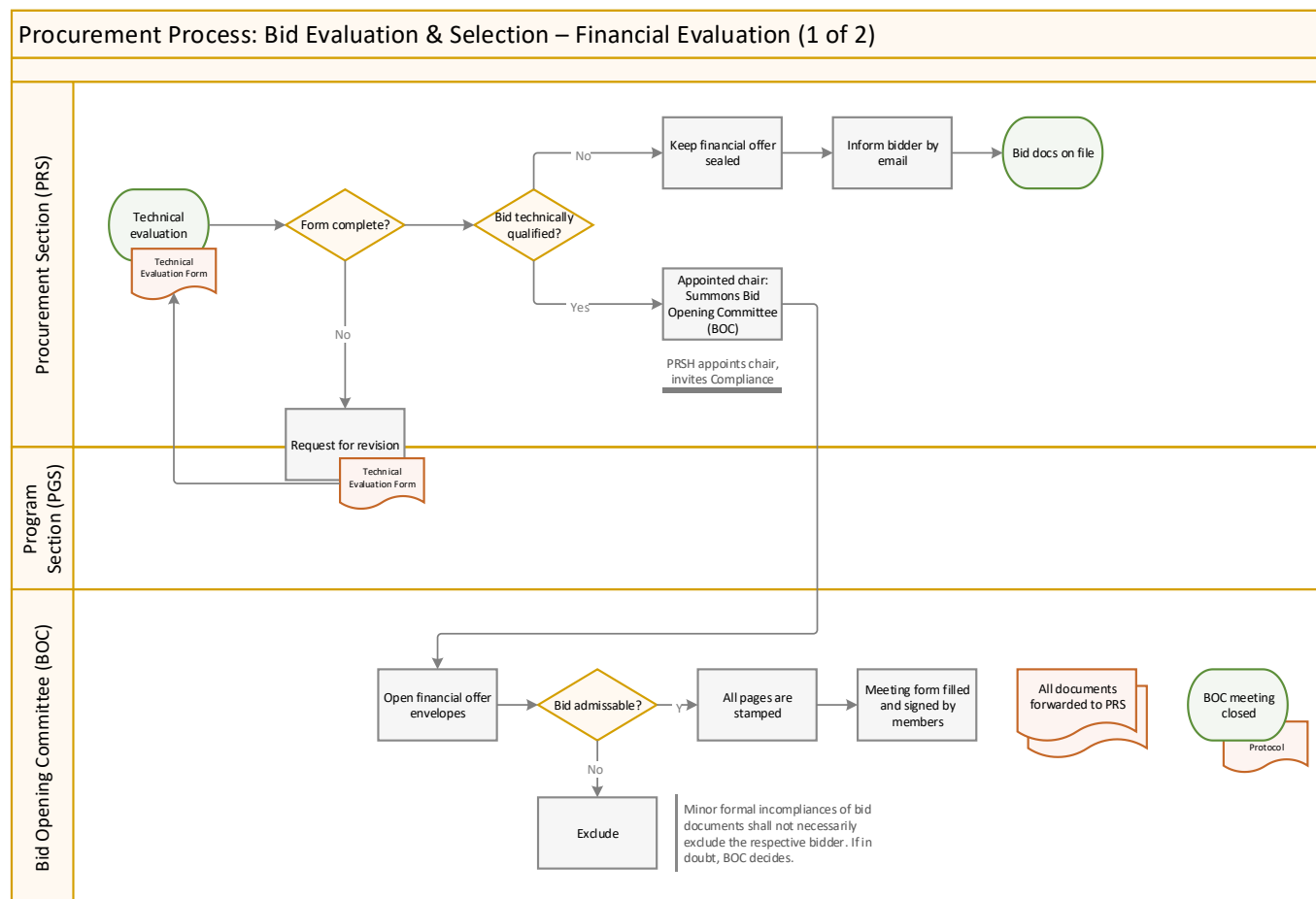
Requests for clarification must be addressed to the bidder in writing and must state that a written response is required by a specified date. The request must also state that failure by the bidder to respond to the request may result in the rejection of his bid.

Where a bid includes non-material deviations, errors or omissions, the evaluator(s) may choose to accept or to correct them. In order to make the evaluation fair to all bidders, the nonconformity should be quantified and expressed in monetary terms, wherever possible. This amount should then be added to the bid price, for purposes of the financial evaluation only, to reflect the price or cost of the missing or non-conforming item.

For example, where a bid for goods does not include the price of a spare part or consumable item, the price of the missing item should be added to the bid price, using the highest price for the same item from the other bids or another reliable source of information.

8.2. Financial evaluation (1 of 2)

Once the technical evaluation is done, the Bid Opening Committee (BOC) is called once more for the opening of the financial offers of those bidders with a qualified technical offer. Again, appropriate measures are taken to avoid document manipulation.



Policy section: 5.5.2

Objective: Financial offers are evaluated in line with the Procurement Policy.

Main Activities: Opening of financial offer.

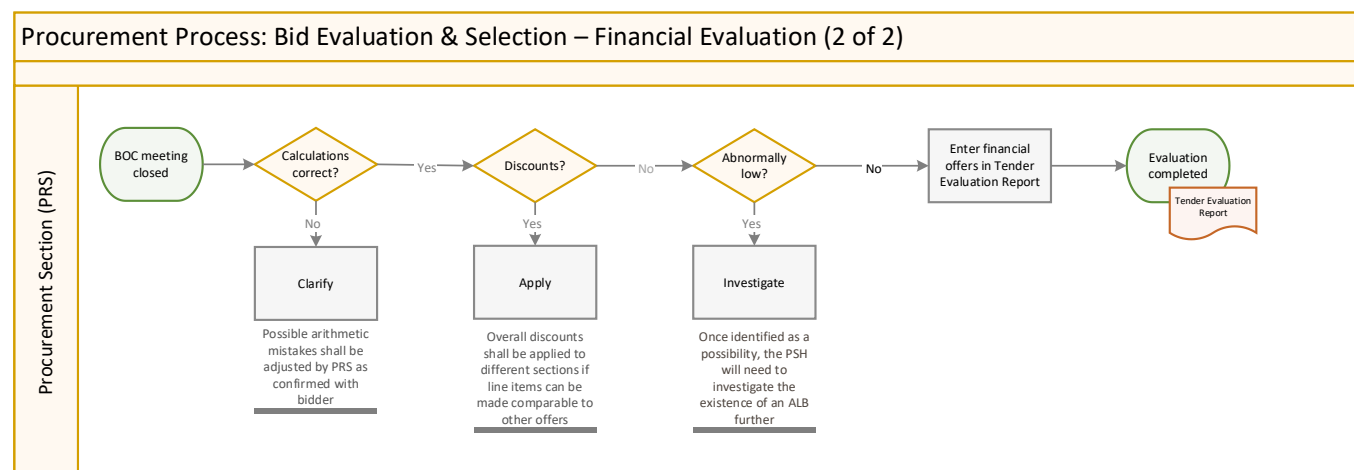
Main process step input: Technical evaluation form.

Main process step output: BOC meeting minutes. Technical evaluation report.

Process owner: Procurement Section

It is only for bids that were determined to be substantially responsive during the detailed technical evaluation that the financial offer is reviewed.

8.3. Financial evaluation (2 of 2)



Policy section: 5.5.2

Objective: Financial offers are evaluated in line with the Procurement Policy.

Main Activities: Opening of financial offer.

Main process step input: BOC meeting minutes.

Main process step output: Tender Evaluation Report.

Process owner: Procurement Section

Unless otherwise required by the instructions in the bidding document, the procedure for **determining the evaluated price** of each bid is as follows:

- i. (determine the total bid price, including or excluding particular costs, as indicated in the bidding document e.g. the bidding document may give particular instructions on the exclusion of provisional sums and contingencies, but the inclusion of competitively priced day-works, in bids for works;
- ii. correct any arithmetic errors – see guidance note “Arithmetic errors” below;
- iii. apply any non-conditional discounts offered by bidders – see guidance note “Discounts” below;
- iv. convert all bids to a single evaluation currency for purposes of comparison, using the currency and the date and source of the exchange rate specified in the bidding document (if allowed);
- v. make adjustments for any non-material nonconformities, errors or omissions;
- vi. apply any non-price criteria specified in the bidding document;
- vii. determine the total evaluated price of each bid.

Arithmetic Errors

In conducting a financial evaluation, arithmetic errors may be corrected by the evaluator(s). The procedure for correcting arithmetic errors is normally stated in bidding documents and the procedure stated must be used. This is normally the procedure stated below.

Where no specific procedure is stated in the bidding document, the following procedure should be applied:

- i. if there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the evaluator(s) there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern and the unit price shall be corrected;
- ii. if there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
- iii. if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to the notes above.

Bidders must be notified in writing of any arithmetic corrections made

Discounts

Bidders are permitted to offer discounts to their bid prices, provided that any discounts are included in their form of bid. Discounts, or any other change in price, are not permitted after the bid closing date. Non-conditional discounts should be taken into account in the evaluated price of the bids.

Prompt payment discounts, which are conditional on prompt payment by the project, must not be taken into account in the financial evaluation, but should be included as a contract term, if the bid is accepted.

If so stated in the bidding document, bidders may be permitted to offer conditional (or cross) discounts i.e. discounts that are conditional on the simultaneous award of contracts for more than one lot. Conditional discounts should be excluded from the main financial evaluation.

Following completion of the financial evaluation and determination of the successful bid(s), a further financial comparison should be conducted to consider any conditional discounts. This comparison must identify the best overall value for money for the project i.e. the combination of contract awards that offers the lowest total price, subject to verification that the bidders meet the post qualification criteria for all the contracts, which are awarded to them.

Abnormally Low Bids (ALBs)

Identifying an ALB may not always be easy and there is no accepted predetermined formula for doing so. To determine that a bid price is abnormally low, several approaches can be considered and, if possible, they should be combined to minimize the scope for subjectivity:

- (i) Comparing the bid price with SRTF's cost estimate.
- (ii) Comparing the bid price with the bids offered by other bidders submitting substantially responsive bids.
- (iii) Comparing the bid price with prices paid in similar contracts in the recent past.

Each of these approaches should, however, be utilized with caution and not only to justify foregone conclusions. Each potential case must be reviewed on its own merits and be based on the circumstances.

If SRTF's cost estimate is used as a basis for identifying an ALB, the estimate's assumptions should be validated, and it should be checked for accuracy and updated with the current market prices, as appropriate, as part of the process.

A bidder's strategy may explain why bid prices may be below SRTF's cost estimate. Like the bidder having other ongoing projects in the same region and may benefit from this situation to quote lower mobilization costs for its personnel and equipment or the bidder may be prepared to quote "at cost" in certain circumstances. Finally, the bidder may have based its bid on a more efficient or innovative work methodology than other bidders.

The use of fixed percentage (i.e. 30% lower) alone may convey a false sense of objectivity and should only be considered as an indicator that requires further verification.

Once identified as a possibility, the PSH will need to investigate the existence of an ALB further to determine whether the price is justified or, alternatively, based on error or miscalculation or, worse, an attempt to undervalue the contract in a way that implies the possibility of a reduction in the overall quality of the end result.

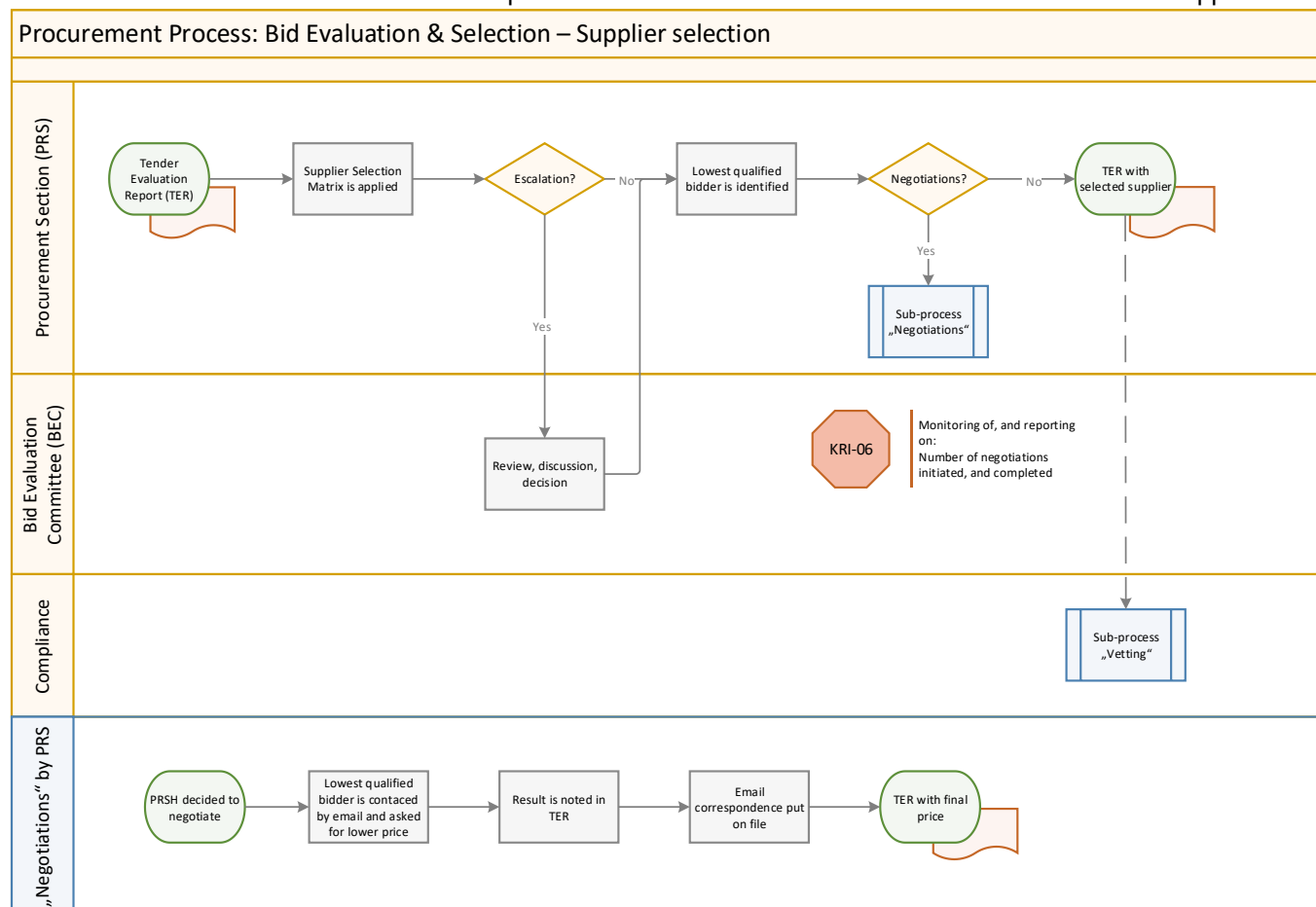
If the existence of an ALB cannot be explained clearly by miscalculation, the assessment of prices that appear abnormally low will require a detailed analysis of bid prices. To this end, the PSH will need to seek written explanations of the proposed price or costs from the bidder. To the extent possible, explanations provided by the bidder shall initially be corroborated by information already provided in its bid. No bidder shall be allowed to change the substance of its bid, technically or financially, or make any material change when providing clarification.

The bidders should be given sufficient time to provide any requested clarifications and/or detailed price analyses. A period of no less than 7–14 business days should normally be allowed for the bidder to respond depending on the type of project and the scope of clarifications requested.

Failure for the bidder to respond or to provide all requested clarification in the stated time period may justify the rejection of the bid by the borrower at this point of time. On receipt of the bidder's explanation, a meeting of the BEC is called to fully analyse the information and all supporting documentation provided by the bidder in response to the request for clarification. Further clarification from the bidder may be requested as necessary. The BEC has the final decision on acceptance or rejection of the bid in question.

8.4. Supplier selection

Supplier selection is based on the Tender Evaluation Report and requires bid offers, which are technically and financially compliant with the tender requirements. This section describes how suppliers are selected according to the procurement method applied.



With the Direct Procurement method, the bidder is selected if the offer is found to be compliant and within budget. In addition, the following processes apply with DP offers exceeding the originally expected budget:

If the DP method had been selected based on the 5 % - 6 months rule (please see section 2.2.3, first bullet point) and the offered price is exceeding this 5 % - limit, the BEC shall be called to decide if DP can still be applied (for one of the other reasons as stipulated by this policy sec. 2.2.3) and the COO must approve DP one more time. If the BEC or the COO reject, this DP case is aborted.

If the received price is exceeding the expected budget by more than 10 %, the BEC shall be called to confirm project adequacy and budget resource are both given. If this is not the case, this DP case is aborted. If the received price is exceeding the original budget by less than 10 %, the DP case can be continued (unless rejected by BEC or COO as per the bullet point above)

For all other cases, the Direct Procurement is considered failed.

In competitive tender methods (ICB, LIB, Shopping) the cheapest bid will mostly be selected automatically, based on total acquisition cost for all bids that have been done with an RfQ. However, if a “best value for money” approach or other evaluation methods or an RfP are applied, as defined with the initial or updated PRF (weighted evaluation with pre-defined formula for technical and financial part of the bid), the decision on the winning supplier is taken by a BEC (> 250,000 EUR) or by the Section Heads of Programme and Procurement (<= 250,000 EUR).

Policy section: 5.5.3; Annex A – BEC Terms of Reference

Objective: Supplier is selected in line with the Supplier Selection Matrix.

Main Activities: Selection of best bid.

Main process step input: Tender Evaluation Report.

Main process step output: Tender Evaluation Report, completed with name of selected supplier.

Process owner: Procurement Section

Supplier selection is summarised in the below matrix. Any requirement to escalate will be handled by the BEC.

No compliant bid received ¹⁵	1 or more compliant bids received		
BEC	<i>Method “cheapest” and RfQ</i>	<i>Method “bvfm” or RfP</i>	
	Automatic	Up to 250,000 EUR	> 250,000 EUR
		Programme Section Head + Procurement Section Head	BEC

The final **Tender Evaluation Report (TER)** should include at least the following information:

- the results of the detailed technical and commercial evaluation;
- any bids which were rejected and the reasons for rejection;
- details of any non-material deviations, errors or omissions accepted, clarified or corrected and, where relevant, the way in which deviations or omissions have been quantified and taken into account in the financial evaluation;
- the price of each bid established at the bid opening;
- the evaluated price of each bid, following any correction or adjustments to the price and the conversion to a single currency;
- the ranking of the bids, according to their evaluated price;
- a statement of which bid has the lowest evaluated price and is therefore the successful bid; and
- the results of any post-qualification.

The TER must contain clear recommendations on:

- the successful bid(s) and the price of the proposed contract(s); and
- whether any issues need to be addressed with the successful bidder prior to signing the contract. If there should be a need to address any issues with the recommended bidder for goods or works under LIB prior to contract award, the need and content of these discussions must be explained in the bid evaluation report and agreed with the SRTF prior to any discussions being held with the bidder.

The TER must be signed by all staff who were involved in the evaluation.

Sub-process “Negotiations”¹⁶

As and where the PRSH sees room for reducing price offers without compromising technical quality, the Procurement Section shall initiate negotiations with selected suppliers for a reduction in prices in the best interest of SRTF and its objectives. Negotiations for bids with a value of less than 100,000 EUR shall be done by the PRSH by e-mail, copying in the procurement team and Compliance. Negotiations for bids with a value equal or above 100,000 EUR shall normally be done in direct communication with the selected bidder, with SRTF being represented by the PRSH or his/her delegate, the COO and, if deemed useful by the COO, another person selected by the COO who is knowledgeable about the technical aspects of the underlying project. Minutes of related talks must be documented in writing (English language or translation) and shared with Compliance. The COO, together with the PRSH, may decide to replace direct communication with e-mails also for negotiating bids with a value above 100,000 EUR. In such cases, the PRSH sends an e-mail, copying in the procurement team, the COO and Compliance. All communication related to negotiations must be recorded appropriately.

In any case, negotiations may only be done with the selected bidder. Modifications of technical offers are thereby not allowed.

Sub-process “Vetting”

Once selected, the supplier must be screened or vetted (unless this has already been done for Direct Procurement and Purchase Orders) and checked for any third-party relationships with SRTF staff or IE staff. This is to be done by Compliance as per the Operations Manual and the Compliance Manual. If the vetting / screening results in rejection of the selected supplier, the next best supplier will be selected and screened / vetted accordingly.

Key Risk Indicator #6:

¹⁵ If, for example, the offer responding to a Direct Procurement request is above budget, or an insufficient (< 2) number of compliant technical or financial offers is received. This also applies to lot-by-lot evaluations.

¹⁶ Source: Procurement Policy, Chapter 5.5.2

Design: Monitoring of, and reporting on: Number of negotiations initiated and completed.

Agent: Procurement Section

Risk: Selecting a supplier and awarding a contract is typically associated with high fraud risk. It is at this point that the procurement expert holds considerable power over the supplier, at least theoretically. In a common fraud scheme, the fraudster from within the organization contacts the supplier and asks for some kind of financial reward from the supplier. In return the fraudster promises awarding of the contract to the supplier.

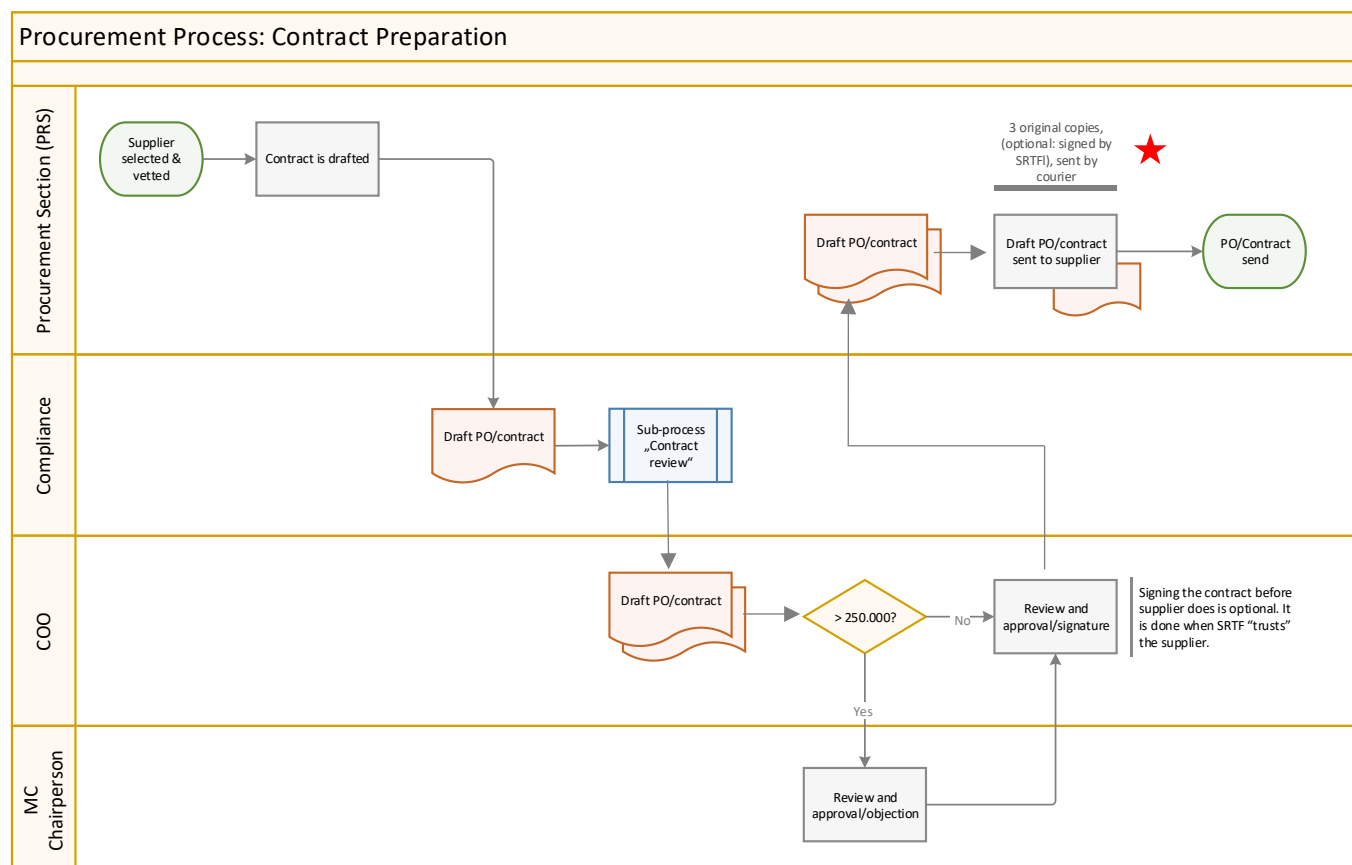
Rationale: Transparency over all negotiations that took place between procurement staff and suppliers.

Additional control: Whistleblower hotline and Ombudsman.

9. Contracting

“Contract” is the general term used for the legal agreement between a supplier (or vendor) and the SRTF for the supply of goods, services, or works. The agreement is either in form of a Supply and Service Agreement (SSA), or a Purchase Order. Details can be found in the Procurement Policy.

9.1. Contract preparation



Policy section: 5.6

Objective: The contract is prepared in a timely manner and provides for clear terms and conditions to all parties. The contract is set up according to procurement needs. Required changes to active contracts are processed swiftly and clearly.

Main Activities: Pick proper contract form; fill with bid specifications and supplier details, send and sign.

Main process step input: Supplier selected and vetted positively.

Main process step output: Direct Purchase Order or contract.

Process owner: Procurement Section

No contract is required for procurement using Purchase Orders. Instead, a purchase order will be compiled, ensuring delivery of G / W / S as offered in the winning bid.

With all other procurement methods, contracts must be set up such that the IE and the supplier are contracting partners.

A standard contract template must be used, which has been approved by the SRTF legal adviser and the MC. Change requirements to these contracts shall be presented by SRTF to the MCC as and when required.

For Recovery Projects, purchase orders or SSAs will be executed on behalf of the IE. They should be set up in the least complex way possible, so they do not stretch the legal capacities of IEs too much.

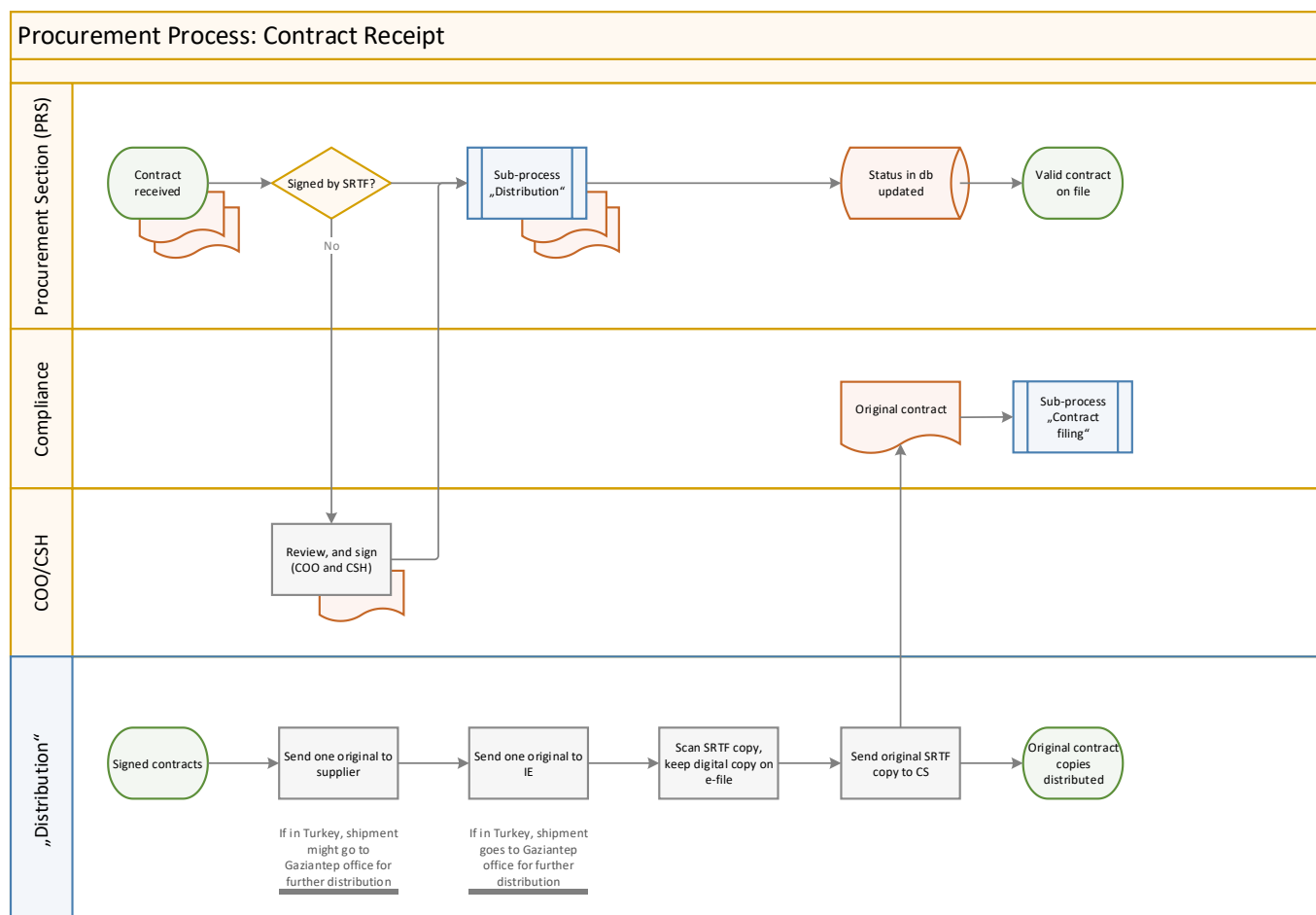
For the Stabilisation Project and for own needs of the SRTF MU companies, purchase orders or SSAs will be executed by the MU.

The Procurement Section ensures the SSA reflect the exact details of the offer made by the supplier or the updates as agreed with the supplier. All SSAs or amendments to them have to be reviewed and confirmed by Compliance before they are signed by the properly authorised SRTF representatives.

Three SSAs shall be prepared and printed by the Procurement Section for signing by both the supplier and the MU. The original of the MU will, once signed by both parties, be kept in a safe place by Compliance. The other two original shall be shared by the Procurement Section with the supplier and the IE, respectively.

★ As a rule, the process stipulates for the draft contract/PO not to be pre-signed by SRTF. However, if the risk of sending a pre-signed draft contract/PO is deemed low, it is possible to do so.

9.2. Contract receipt



Contract terminations will be done by the Procurement Section with support from a legal expert as and when required.

Policy section: n/a

Objective: The duly signed contract is well received and properly filed.

Main Activities: Contract is received, scanned, and put on file. The contract section of the procurement database is updated.

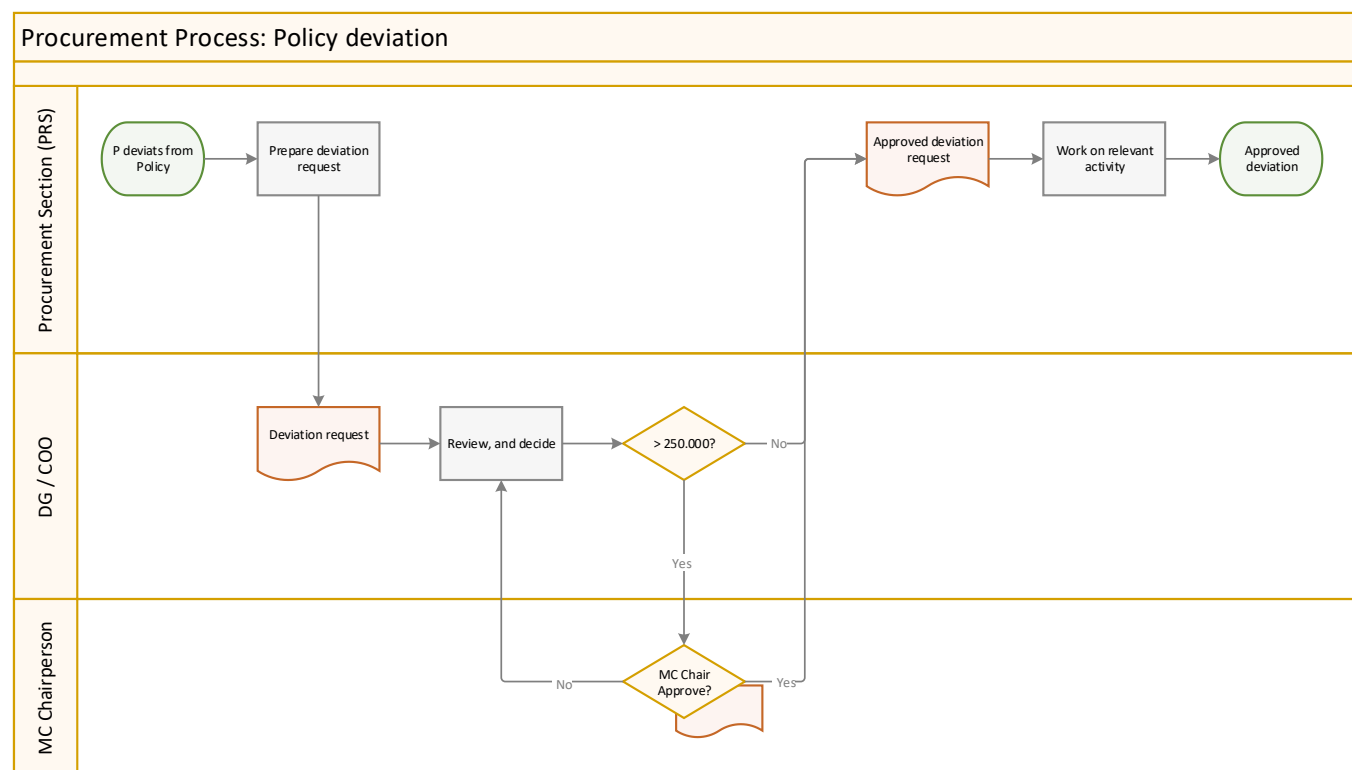
Main process step input: Contract received by mail/courier.

Main process step output: Valid contract on physical file and eFile.

Process owner: Procurement Section

10. Policy Deviations

If during the procurement stage of the project, i.e. after approval of the PCP or PCN, the MU identifies the need for deviation from the Procurement Policy, the MU will prepare a deviation request and submit it to the MC Chairman with proper justification. The MC Chairman may approve the request or refer it to the MC for review and decision.¹⁷



Policy sections: 1 and 2.2.4

Objective: Any deviation from the Procurement Policy is duly authorized.

Main Activities: Deviation request is prepared and reviewed by the authorized functions/organs.

Main process step input: Procurement activity must deviate from the Policy.

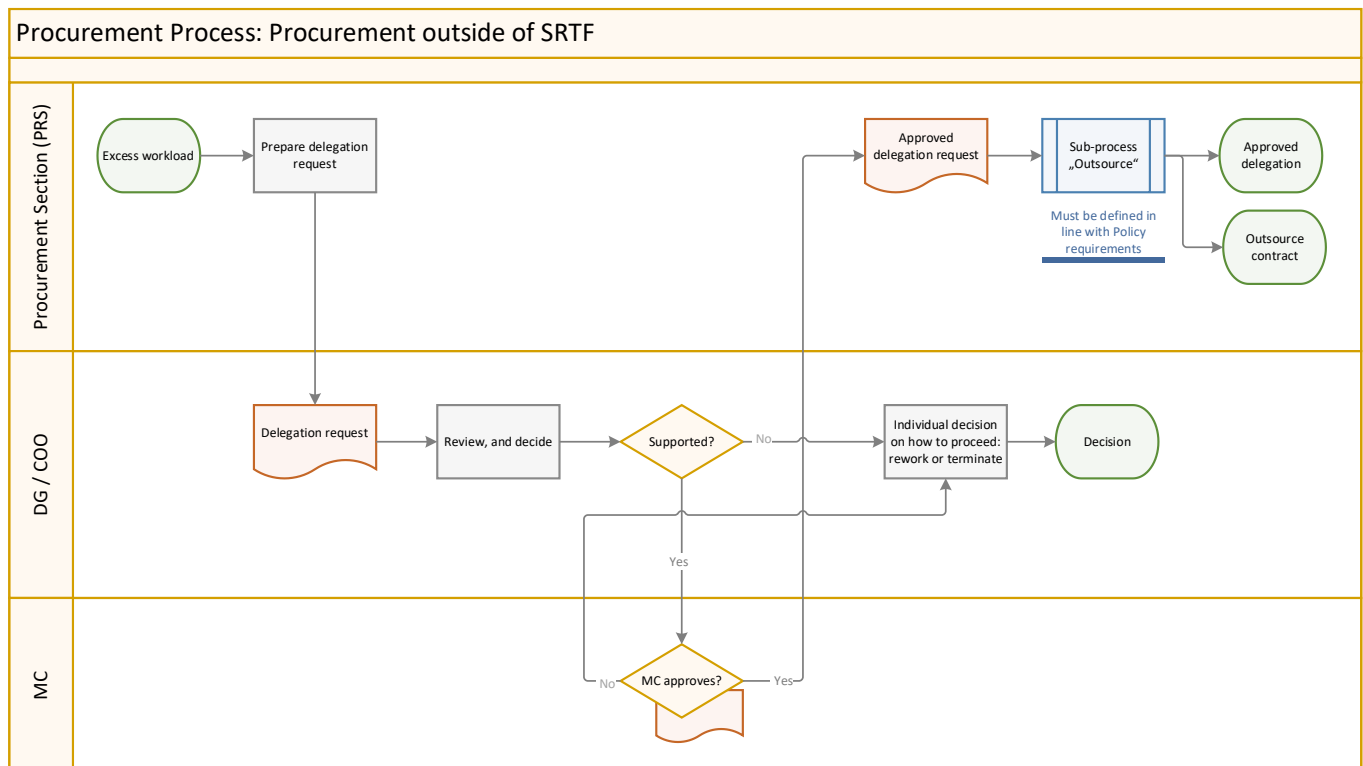
Main process step output: Approved deviation.

Process owner: Procurement Section

¹⁷ Source: Procurement Policy, Chapter 1

11. Procurement outside of SRTF

The MU may obtain the services of an external qualified procurement agent if workload requires. Such delegation must make sure the procurement standards as described in the Policy are fully met. [...] Delegation of procurement must be approved by the MC.¹⁸



Policy section: 2.3.1

Objective: An external agent carries out procurement on behalf of SRTF.

Main Activities: Delegation request is prepared and reviewed by the authorized functions/organs. An external procurement agent is contracted.

Main process step input: Excess workload at PRS.

Main process step output: Approved delegation and outsource contract.

Process owner: Procurement Section

¹⁸ Source: Procurement Policy, Section 2.3.1

12. Supplier Management

In the early years of operation, many procurement actions had to be cancelled because of suppliers being unable or unwilling to engage with the Fund. It is therefore crucial for the Fund to have thorough and up-to-date knowledge of eligible suppliers and vendors that are willing to engage with SRTF despite the difficult environment. This section describes the process of supplier identification, assessment, approval, and relationship management.

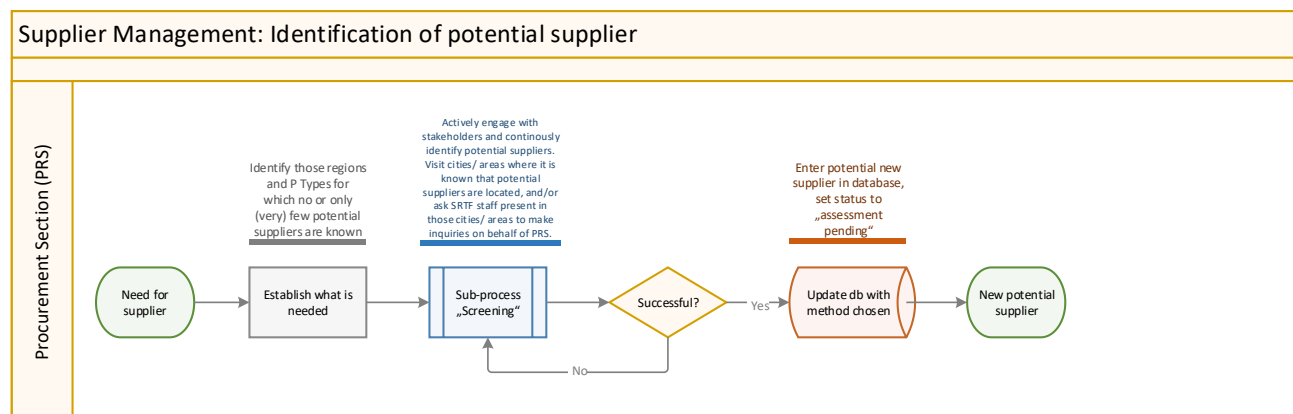
Policy section: 4

Objective: Qualified suppliers are known to SRTF, supplier performance is captured for institutional memory and supplier information is available for objective, transparent and fair selection of suppliers for tenders.

12.1. Identification of potential supplier

The objective is to maintain a set of potential suppliers for different procurement needs. The number of potential suppliers for the areas of operations of the SRTF is limited. Therefore, no restrictions are made as to the geographic or other supply conditions to identify potential suppliers and neither as to who may propose new suppliers.

Supplier identification should be a continuous process that takes place not only when a new procurement request comes in, but also in anticipation of future projects and procurement. The identification of new suppliers is especially important for those procurement types and/or regions with very few reliable suppliers.



Policy section: 4.2

Objective: New potential suppliers are identified.

Main Activities: Refer to multiple sources for market knowledge of suppliers that have the capacity to engage with SRTF.

Main process step input: Need for suppliers of G/W/S.

Main process step output: A new potential supplier has been identified.

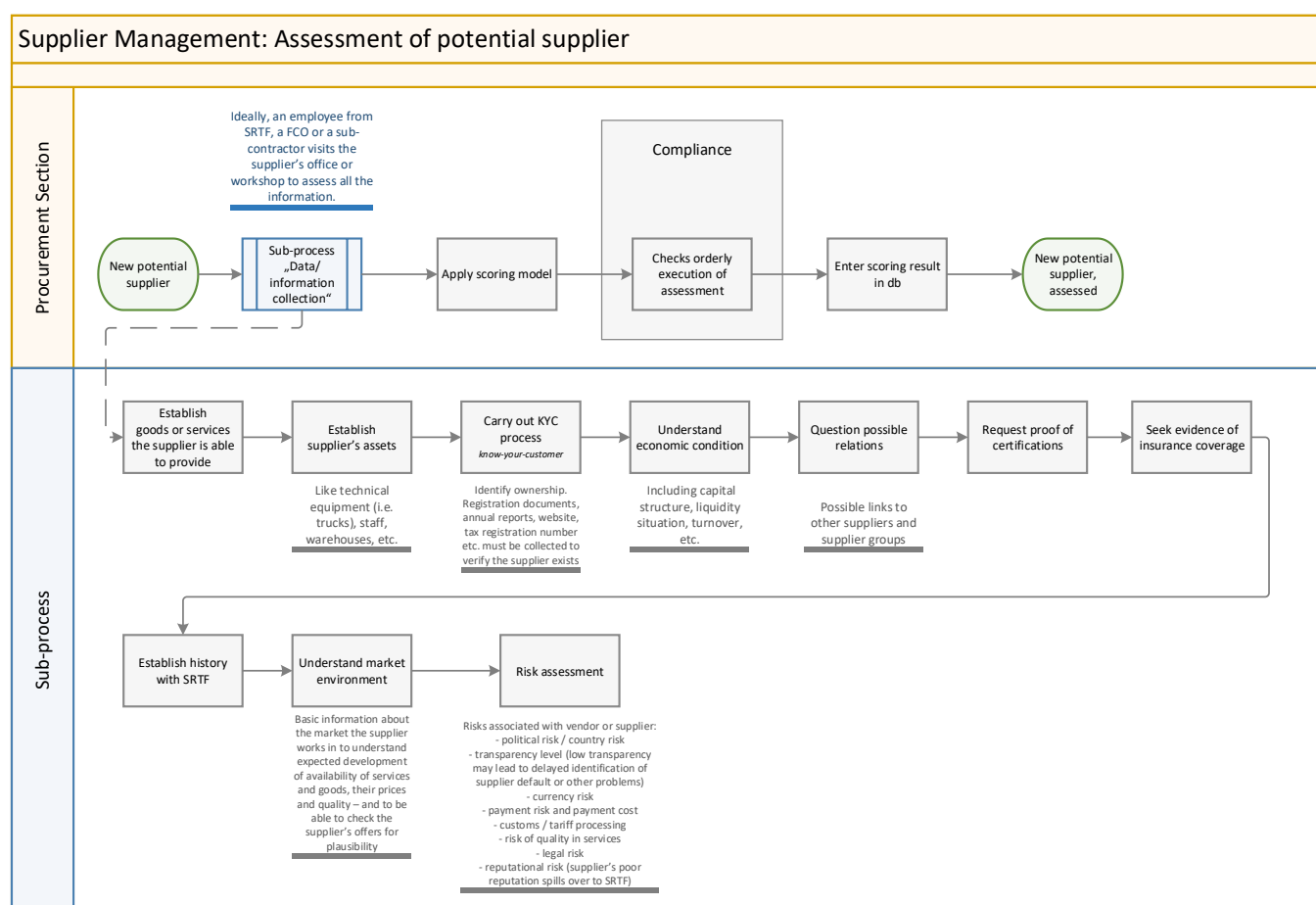
Process owner: Procurement Section

12.2. Assessment of potential supplier

Engaging with a supplier comes with a number of risks for SRTF. This sub-process looks at all the aspects that are important when working with a supplier, starting from the ability and willingness of a supplier to work with the SRTF. The assessment also looks at reliability and soundness of a supplier. The assessment process is supported by an Excel tool *Supplier Rating Model* that systematically captures the necessary data and compiles a score that indicates the eligibility for the supplier in question to engage with the SRTF.

This sub-process is complex, as it requires the collection of data and information that might not be so easy to obtain. Sufficient time should be allocated to complete an assessment. The wide range of goods, works and services that SRTF has to procure, from small to large amounts, gives rise to a very heterogeny collection of potential suppliers. That in return means that the assessment draws on a variety of criteria and not all of them are equally applicable, which requires an individual approach with a lot of professional judgement. Although it may not be possible to obtain all the relevant information, whatever data that can be obtained will definitely help SRTF assess the potential for a successful match.

The assessment should be renewed annually or ad hoc whenever SRTF receives information about a substantial change at a supplier.



Understand economic condition: Ask for audited financial statements/annual report for the last 2-3 years; ideally including income statement, balance sheet and cash flow statement, and run certain (ratio) analyses to ensure that the company is financially healthy. Confirmation of cash balances/available credit, and proof of past/present/expected turnover complete the picture.

Suppliers to be used for procurement amounts up to 30,000 EUR can be assessed in a pragmatic way by “reviewing” of the supplier legal entity and its owner(s) by Compliance, plus a general confirmation of the supplier's ability to provide the offered G / W / S. In addition, the supplier must confirm in writing the absence of any 1st or 2nd grade family relationship to SRTF/IE key individuals (i.e. staff with decision/signature authority).

Given the low level of risk with suppliers used for said amounts, the review of supplier companies and owners by Compliance is expected to be done in a pragmatic, hands-on approach. It should focus on checking evidence on the existence of the company and its service offer. Vetting of owners of supplier companies can be deferred to as and when the supplier is selected. Reviewing individual consultants should be done in parallel to their vetting. (See also section 4.4). In any case, reviewing should not take more time than a few hours.

Individual consultants designated for procurement values of up to 30,000 EUR are to be managed separately. Unlike for companies, supplier details (e.g. name, expertise, contact details...) shall be added to the supplier database only after Compliance has vetted their eligibility.

All potential suppliers shall be recorded in a simple Supplier Database, holding detailed results of the above listed criteria (including time and source of information), which shall also be summarized in a supplier rating.

Policy section: 4.3

Objective: Potential suppliers have been assessed concerning their capacity and reliability to become an eligible provider of G/W/S for SRTF.

Main Activities: Thorough analysis, using a nine-step approach.

Tool: Supplier Rating Model (Excel)

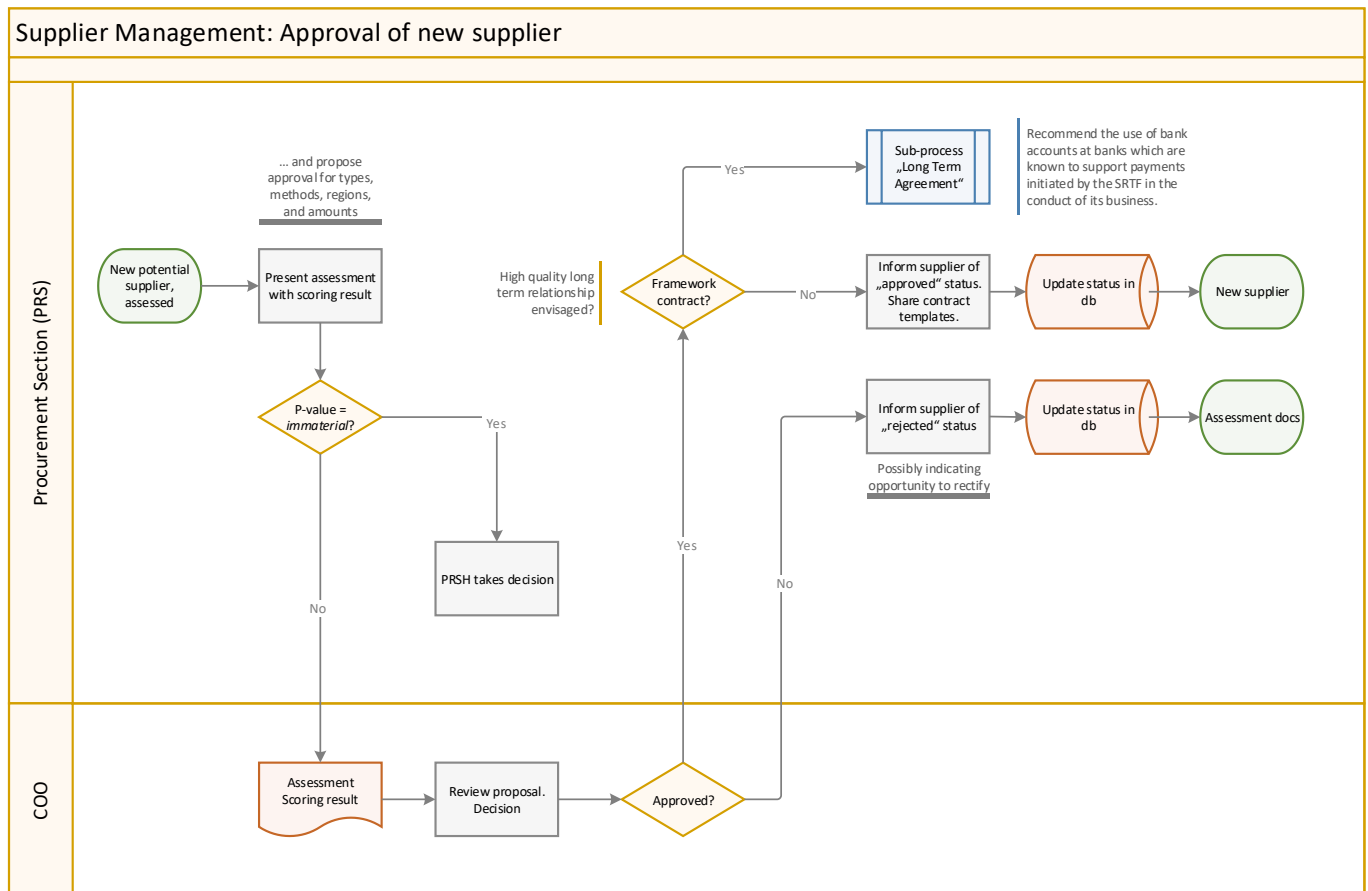
Main process step input: A new potential supplier has been identified.

Main process step output: Form with assessment result of new potential supplier.

Process owner: Procurement Section

12.3. Approval of new supplier

The supplier assessment result (scoring) is reviewed, and a decision is taken. While the scoring model suggests a certain outcome (approved, rejected), it is within the discretion of the COO to override the result. Such an override must be based on reasonable grounds and documented accordingly.



Policy section: 4.4

Objective: New suppliers are admitted to the supplier database after successful assessment and review.

Main Activities: Review of the assessment result.

Main process step input: Assessment sheet of new potential supplier.

Main process step output: New supplier added to database, with eligibility status either *approved* or *rejected*.

Process owner: Procurement Section

Once a high-quality supplier is approved, the execution of a Long Term Agreement shall be considered to ensure actual procurement activities can be started quickly if the supplier will be selected in future tenders.

Sharing of the SSA templates with the approved supplier is recommended for suppliers designated for future LIBs and information for conflict resolution is made available to selected bidders.

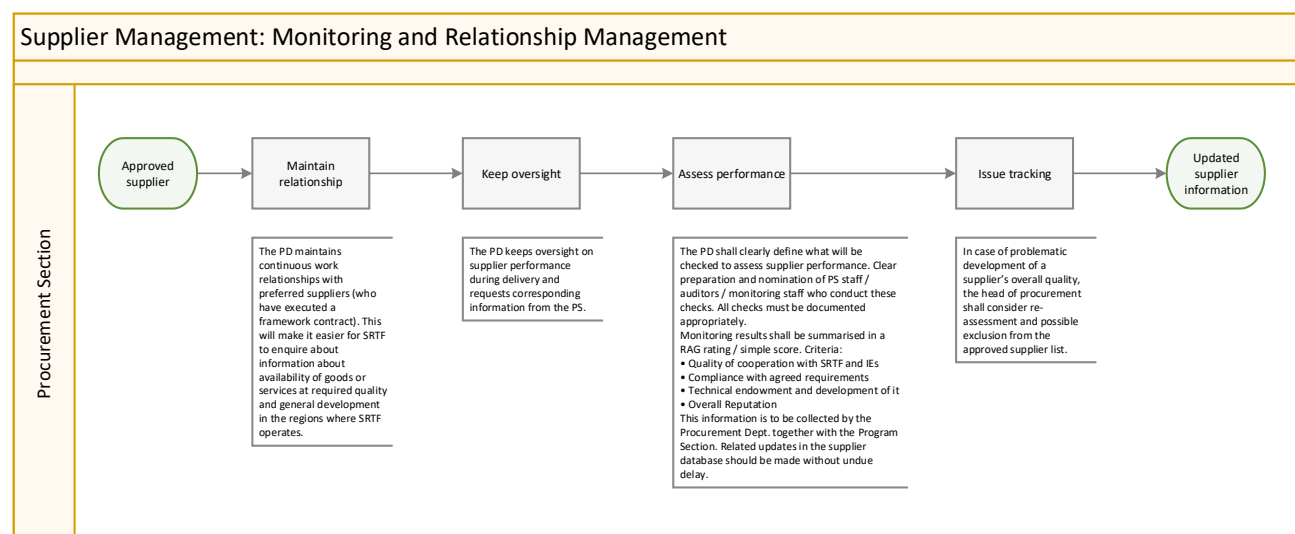
Rejected suppliers shall be informed accordingly with a chance to rectify.

For reasons of cost, an approved supplier is not fully vetted at the time of approval, i. e. owners, managers and board members are not fully screened at this point in time. The comprehensive vetting will be done once the supplier has been selected in a bidding process. Then, however, the result shall be recorded in the Supplier Database.

The approval should be renewed annually, or ad hoc whenever SRTF receives information about a substantial change at a supplier.

12.4. Monitoring and Relationship Management

The list of potential suppliers is not static, but subject to new suppliers being added, and regular review of existing suppliers. The idea is that even in a changing operational environment, the SRTF is able to draw on a sufficient number of reliable suppliers.



Policy section: 4.5

Objective: Procurement is always able to draw on a sufficient number of reliable suppliers.

Main Activities: Updates of the supplier database based on performance assessments and new market intelligence.

Main process step input: List of suppliers in the supplier database.

Main process step output: Updated supplier information in the supplier database.

Process owner: Procurement Section

13. Monitoring and Reporting

13.1. Key Risk Indicators (KRI's)

Ref	Short	Description	Rationale	Interval
2.1	Delayed/failed	Procurement activities that could only be concluded with a material delay. Procurement activities that failed completely. To Do: Define <u>material</u> delay	Significant delays, or failures, might be indicators for a flaw in the process design. If a delay occurs, or the activity fails to go through, we firstly want to understand why. Next step would be to see if the process needs to be adjusted. If so, a proposal for the PRC should be drafted and presented in the next meeting.	
3	Method	Excessive use of Direct procurement.	While Direct almost always leads to successful procurement fast, it touches on the essence of prudent procurement management. The dilemma is between opposing objectives: efficient and successful procurement versus fair treatment of market participants that requires more resources.	
6.1	Alternative options	When drafting the (technical) specifications for a tender, the Programme Section might not be aware of alternative options that exist for the required G/W/S's. These alternative options might be better suited, cheaper, or should in other ways be given preference over the specifications as formulated by the PGS. By not allowing alternative options as part of the bidding, the procurement objectives are at risk.	This directive control has the Procurement Section capture alternative bids for analysis. The idea is that (i) the SRTF is aware of the alternatives that are available for certain G/W/S, and (ii) can critically review the specifications drafted in the past for those items, possibly adopting some or all of the alternative solutions offered by bidders.	
7.2	Bids returned	Number of offers received over total number of invited bidders. Not enough offers are submitted, making the bidding less competitive, or even void. If it happens and the reasons are not known, the situation might repeat itself and future tenders might be adversely affected.	This directive control brings awareness to an issue and allows for a proper response in case the issue is deemed problematic. A root cause analysis could be a first response, with subsequent action taken to ensure that more bids can be received.	
8.4	Negotiations	Selecting a supplier and awarding a contract is typically associated with high fraud risk. It is at this point that the procurement expert holds considerable power over the supplier, at least theoretically. In a common fraud scheme, the fraudster from within the organization contacts the supplier and asks for some kind of financial reward from the supplier. In return the fraudster promises awarding of the contract to the supplier.	Transparency over all negotiations that took place between procurement staff and suppliers.	

13.2. Key Performance Indicators (KPI's)

Ref	Short	Description	Recipient	Interval

Document Maintenance

Author/owner	Procurement Section Head
Document name	SRTF Procurement Manual
Document source location	Procurement Folder

Approval Record

Version	Approved by	Approval Date	Signature
1	Management Committee	1.05.2020	See minutes of committee meeting
2	Management Committee Chairman	3.06.2021	Email to the DG, COO, CSH, PRSH
3			

Change Control

Version	Date	Author	Remarks
Draft 2.8	23 Feb 2020	Rüdiger Rurainsky Consultant NomoRisk GmbH	Compilation of first version following procurement review in March 2019. Numerous previous versions agreed and revised.
Draft 2.9	13 May 2020	Rüdiger Rurainsky Consultant NomoRisk GmbH	Revision to align to Policy Version 1.b after approval by MC.
1.0			Formal adoption of Manual after approval by MC.
Draft(s) 2.10.x	23 Apr 2021/ 29 Apr 2021	Rüdiger Rurainsky Consultant NomoRisk GmbH	Revision to align to Policy update of 04/2021.
2.0	3 Jun 2021		Formal adoption of Manual revision 2 after approval by Management Committee Chairman.
3.0	24 Jan 2022	Rüdiger Rurainsky Consultant NomoRisk GmbH	Revision to align to Policy update of Dec-2021 (Policy v1.4). The changes are effective as of 1 January 2022 as per the MC Chairman's approval and the DG's email on 27 December 2021.
4.0	5 Aug 2025	Rüdiger Rurainsky Consultant NomoRisk GmbH and Procurement/SRTF Management Unit	Revision to add new section on Bidder Selection and align this manual with Policy v1.7