



Procurement Policy

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Abbreviations and Acronyms

BEC	Bid Evaluation Committee	Management Committee to discuss and agree on issues brought up during evaluation of bids
BOC	Bid Opening Committee	Committee to ensure proper opening and distributing of all received bids from suppliers
CMC	Contract Management Committee	Management Committee to discuss and agree on how to deal with requirements to update SSAs
COO	Chief Operations Officer	Main Executive Manager at SRTF
CSH	Compliance Section Head	Manager of the Compliance function at SRTF
DG	Director General	The CEO of the SRTF MU
DPO	Purchase Order	Purchase order to supplier, executed without tender / bid process. Used for immaterial amounts (<= 5.000 EUR) only.
FA	Financing Agreement	Contract between IE and SRTF about project to support the Syrian people
FCO	Field Coordination Officer	MU staff working in Syria to support the Programme Section
G/W/S	Goods, Works or Services	The three main types of procurement. 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
IMA	Independent Monitoring Agent	External review entity, appointed by the MC, to confirm on site the proper execution of the SRTF's projects
KfW	Kreditanstalt für Wiederaufbau	German Development Bank (SRTF Trustee and chairing MC), owner of the MU companies in Turkey and Jordan
KPI, KRI	Key Performance / Risk Indicator	Indicators 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
MC	Management Committee	Supervising entity to the SRTF. The MCC (MC Chairperson) chairs this committee
MCC	MC Chairperson	Chairs the MCC
MU	Management Unit	SRTF operating unit with legal entities established in Turkey and Jordan to operate
OM	Operations Manual	Document describing general process flows at SRTF
PCN	Project Concept Note	Preliminary information for a possible project. Predecessor to a PCP
PCP	Project Concept Proposal	Document describing required details for a project to be undertaken by SRTF
PGS	Programme Section	Organisational section of SRTF MU preparing projects, requesting related procurement activities from the PRS and monitoring and reviewing proper implementation by IEs.
PGSH	Programme Section Head	The PGSH is the Manager of the PGS.

PM	Procurement Manual	Document holding detailed information about procurement process steps executed at the Procurement Section
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	Established within the Management Unit. Reviews the performance of procurement activities at SRTF
PRF	Procurement Request Form	Form used to initiate procurement activity based on the PP. One or more PRFs represent one PP
PRS	Procurement Section	The section at SRTF taking care of all procurement activities.
PRSH	Procurement Section Head	The PRSH is the Manager of the PRS.
RFP	Request for Proposals	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
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
TEF	Tender Evaluation Form	The form used by the Programme Section to evaluate the technical offer
TER	Tender Evaluation Report	The report done 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 Introduction

This Procurement Policy (“Policy”) describes the general guidelines of procurement done by the Management Unit of the SRTF.

This Policy is maintained by the Procurement Section of the SRTF 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. This Policy and all substantial changes to it must be approved by the MC.

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 (see below).

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 this 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.

Details of the procurement process are defined in the Procurement Manual (PM), which is also maintained by the Procurement Section (PRS). However, the PM is approved by the COO. The Procurement Manual (PM) may define stricter rules than the ones defined in this Policy. A risk assessment for the procurement process shall be done annually to adjust controls and decision authorities if and as necessary. Activities for procurement amounts > 250,000 EUR must be controlled with high diligence, while alleviations (e. g. selection of supplier for procurements < 5,000 EUR by the Procurement Section Head [PRSH] alone) are adequate for lower amounts.

General procurement guidelines as given in schedule 4 of the SRTF Framework Agreement apply and, in case of contraction with the Policy, overrule the Policy.

2 Procurement Strategy

2.1 General Considerations

The **Overall Procurement Objective** of the procurement function of the SRTF is to cover for the current limitations at Syrian IEs regarding procurement. The SRTF does this by maintaining information about potential suppliers and resources to execute procurement activities on behalf of IEs, such that all supplies and services, as confirmed needed by the Syrian people in Procurement Plans, can be procured as required, at appropriate quality and price and in time.

Procurement by the SRTF shall be conducted through a transparent, fair and competitive process that results in the selection of the most favourable bid to ensure responsiveness to end-user needs, and economy and efficiency in the use of funds. Internal MU **Committees** are called to take balanced decisions as required along the procurement process. (The annex provides Terms of Reference for all MU Committees.)

Types of Procurement cover **Goods** (includes supplies of other services, e.g. transport, electricity), **Works** (Rehabilitation / Construction of infrastructure with major part civil engineering) and **Services** (for intellectual services, notably consultancy).

Segregation of duties is implemented within the MU where required to avoid possible conflicts of interest and to protect against fraud or control negligence. Therefore, as an example, the authority to select potential suppliers for bid amounts of 5,000 EUR and above (see 2.2 below) is separated from the authority to evaluate bids, and this authority is separated from supplier selection.

Incidents happening in the procurement process shall be managed with the SRTF's Incident Management Process, ensuring proper analysis of events, correction and preventive action.

All SRTF staff are obliged to **disclose existing and potential conflicts of interest** they may have with a supplier or staff of an IE. The Code of Conduct of the SRTF Management Unit holds additional details.

With every work step as defined in this policy, the Procurement Section updates a **procurement database**, which shall reflect the current status of all bids, starting from the definition of the PRF.

For purpose of limit checks and comparison of bids, non-EUR currencies in bid documents are converted into EUR using the reference rate fixed by the European Central Bank on the day two weeks prior to the deadline for submission of proposals.

2.2 Procurement Methods

Procurement Methods and also **processes and organisational set-up are based on risk considerations**. A risk assessment and review of Key Risk Indicators for the procurement process shall be done at least annually to adjust controls, decision authorities and the use of procurement methods if and as necessary.

The special conditions under which the SRTF procurement takes place, in particular security concerns, and the importance of a positive impact on the local economy call for simple, yet safe processes. Hence, the **main procurement methods** to be applied are **Limited International Bidding, Shopping** or, subject to certain conditions, **Direct Procurement** with pre-approved suppliers. Goods, Works and Services for amounts < 5,000 EUR shall be procured for with **Purchase Orders**. These four methods shall be applied depending on procurement amounts as shown in the table below.

Threshold	Standard Procurement Process Method for Goods / Works / Services*	SSA Approval
<= € 5,000	Purchase Orders	PRSH
> € 5,000 - € 30,000	Shopping or Direct Procurement	COO
> € 30,000 - € 100,000		
> € 100,000 – € 250,000		
> € 250,000	Limited International Bidding	MC Chairperson
> € 10,000,000	International Competitive Bidding	MC Chairperson

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

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

2.2.1 Limited International Bidding (LIB)

LIB is done by pre-selecting suggested suppliers (please see section 4.1) from the approved suppliers in the supplier database who have been confirmed being interested and capable of providing a meaningful offer. These are invited to submit an offer based on an RfP or RfQ. This processing replaces the otherwise common practice of public tendering with an invitation for Eols. The number of selected suppliers should be reasonably high but can be limited depending on availability of suppliers (see section 5.3).

The Procurement Section Head may start a process of identification of potential suppliers by asking for Eols through pertinent public media, if he or she considers this appropriate and in the best interest of the SRTF.

The PRSH can decide to apply LIB also for tenders with values below or equal to 250,000 EUR. LIB for values above 100,000 EUR requires bidders to provide two envelopes with a technical offer separate from a financial offer.

2.2.2 Shopping

With the Shopping method, the Procurement Section asks at least 3 suggested suppliers for a quotation or a proposal. However, if it is confirmed by the Procurement Section Head that no more than 2 suppliers are available, this method can be undertaken with 2 bidders only.

If non-Syrian companies cannot deliver required works on site due to the security situation, limited international bidding may not be feasible. In such cases **Shopping may be applied also for amounts > 250,000 EUR**. They must be substantiated by a market analysis¹, confirming delivery details of the Syrian supplier(s) are in line with the Procurement Plan and actual market conditions and must be approved by the Programme Section Head.

¹ Standards for an appropriate market analysis are defined in the Procurement Manual

Shopping, like LIB, for values equal to or above 100,000 EUR requires bidders to provide two envelopes with a technical offer separate from a financial offer.

2.2.3 Direct Procurement

Direct Procurement at SRTF has found to be a very appropriate method to manage the special situation under which the Fund works. 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. **Direct Procurement can therefore 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 suppliers 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 > 100,000, additional approval for this procurement method is required from the MC Chairman.

2.2.4 Purchase Orders

Purchase Orders shall be used where the ordered values are immaterial (< 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 directly from an approved Supplier listed in the Supplier Database. Prices must be confirmed to be in line with market prices. If not, deviations must be substantiated by the PRSH.

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 to avoid an unnecessary re-start of the procurement process.

Purchase orders are also used to order procurements under Long Term Agreements, in which a fixed price has been agreed for certain goods or services.

2.3 Procuring entity

The procuring entity shall be presented in the project document, which is approved by the MC. In most cases the SRTF MU legal entities execute procurement on behalf of the IEs under an Agency Contract as part of the Financing Agreement.

Another way to procure items to the Syrian people is done through partners within Syria, for example, NGOs acting as IEs, which have a solid procurement process themselves, if and as confirmed by the PRSH.

A special role in this context is the “Stabilisation” project where a “Rapid Response Unit” takes the role of an interim IE and thus will have temporary ownership of procured goods until they are handed over to the final IEs.

In exceptional cases, MC may approve small procurement activities from within Syria by the IE itself, with support from the SRTF as and where needed. Please see 2.3.2 below.

2.3.1 SRTF-MU Company

If an IE does not have the capacity to do procurement as per SRTF guidelines, or if bidders refrain from submitting bids to IEs in Syria as their contracting partner, but would accept the MU acting on behalf of the IE, the SRTF MU legal entities (MU companies in Turkey and Jordan) will step in and handle procurement on behalf of the IEs and conclude Supply and Service Agreements (SSAs) on behalf of the IE (such that ownership of delivered items will be with the IE).

This set-up is stipulated explicitly in the Financing Agreement between SRTF and the IE. The IE usually rests responsible for acceptance of the delivered G / W / S and subsequent transport and installation, as and where applicable.

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 this policy, are fully met. Auditors nominated by the SB of the SRTF must have the right to conduct a review of the services provided for SRTF at any time upon advising the service partner 14 days before start of such audit. Delegation of procurement must be approved by the MC.

The “Rapid-Response-Unit” (RRU) as founded by the Syrian Interim Government (SIG) acts as an interim recipient for G / W / S in the Stabilisation Programme (Filling the Void Project), before these can be handed over to the actual IE. In this case, the MU conducts procurement for this project in the name of the RRU and keeps custody of the procured G / W / S until eligible IEs are identified and approved by the MC, additionally, the MC can approve activities and interventions under the project Filling the Void Project which can be implemented by the MU of the SRTF directly or any other eligible entity.

2.3.2 IE in Syria

For procurement cases of up to 100,000 EUR, which can be handled by the IE using a Shopping or Purchase Order method as defined in this policy, the SRTF Procurement Section will prepare the necessary documents for the IE in line with this policy. The IE then executes the procurement by itself with suppliers as approved by SRTF. The Procurement Section thereby oversees such procurement activities by the IEs, especially bidder selection and bid evaluation, and has the right to object and give instructions in line with this policy at any time.

Once local IEs will develop their ability to perform procurement activities in line with international best practice by themselves, these shall be assessed by the SRTF. If the assessment result is positive, the IE shall do procurement itself and the SRTF shall execute oversight at all critical stages:

- Supplier selection for bid invitation
- Preparation of bid documents
- Supplier evaluation and appointment
- Contracting and Contract Management
- Confirmation of delivery and substantiation of payments.

2.4 Ownership and transport risk

All equipment, goods, works and supplies procured by or on behalf of the IE are property of the IE. Exceptions from this are procurement activities for the SRTF MU itself, where ownership is with one of the MU companies, and under the Stabilisation Programme, where ownership is with the “Rapid Response Unit” temporarily, until goods are handed over by an SRTF – MU company on behalf of the Rapid Response Unit to the actual IEs or beneficiaries.

Transport risk must always be kept with the supplier, who should seek corresponding insurance coverage. If delivery is not possible right within Syria, the IE must take care of delivery from the border to the place where goods or services are needed. Corresponding stipulations must be considered in the SRTF templates for SSAs. Proper acceptance checks must be conducted at the place of hand-over to the IE as defined in 5.7.3 below.

3 Organisational Set up

Objective: Proper execution of procurement process is facilitated. Roles and responsibilities are clearly defined and authorities distributed. Important decisions are not taken by a single person, but within a committee that ensures all affected functions are heard. Segregation of functions is implemented to allow for controls that avoid conflicts of interest.

The SRTF Framework Agreement provides further details to the roles and responsibilities of the functionaries described in this section.

3.1 The main functionaries for procurement

Management Committee (MC) approves the operational guidelines of the SRTF and provides guidance and supervision of the MU in general. Hence, the MC reviews and approves this procurement policy, and monitors proper implementation through the Compliance and Audit function. The MC also oversees procurement performance by way of reporting with adequate indicators KPIs and KRIs and may be involved in approving SSAs if requested by the MCC. The actual list of indicators is defined in the Procurement Manual.

Management Committee Chairperson (MCC) chairs the MC meetings and has authority to take the following decisions on behalf of the MC: Approve FAs with IEs, approve Supplier Service Agreements (SSAs) > 250,000 EUR, approve procurement derogations from this Policy. The MCC considers involving the MC in the approval of SSAs or the approval of deviations from the Procurement Policy.

The **Management Unit (MU)** is the acting entity of the SRTF, with two **MU companies** (in Turkey and Jordan) and a Director General, representing the MU. The MU executes procurement activities as stipulated in this Policy and in line with pertinent guidelines of the SRTF Framework Agreement. The MU signs Financing Agreements with IEs. Supply and Service Agreements with a value of up to 250,000 EUR can be approved within the MU. The MU must seek approval from the MCC for Supply and Service Agreements exceeding this amount, and for deviations from this policy.

Director General (DG) is the General Manager/Chief Executive Officer and member of the Board of Directors of the two legal entities (MU companies) of the MU to enter into legal agreements with IEs, suppliers, service providers, staff etc. for individual projects financed through the SRTF in Syria. The DG reports to the Management Committee and the Steering Board.

Contracts or Purchase Orders for procurement for the own needs of the SRTF MU companies are signed by the DG.

Chief Operations Officer (COO) manages and keeps oversight on staff and operations of the MU companies.

The COO signs Supply and Service Agreements together with the Head of Compliance, and approves new potential suppliers before they are added as approved suppliers to the Supplier Database.

The COO requests Management Committee Chairman's approval for procurement activities > 250,000 EUR (as defined in this policy).

The **Procurement Review Committee (PRC)** is meeting on a quarterly basis to review performance of procurement activities at SRTF.

The **External Auditor** is appointed by the Trustee KfW with Steering Board approval. It audits, among others, the procurement process semi-annually for compliance with agreed policies and procedures.

The **SRTF-Ombudsperson** provides conflict resolution and problem-solving services mainly for IEs of the SRTF, but also for suppliers, in a confidential manner. (S)he provides a complaint mechanism for any person, or body of persons, concerning any decision or recommendation made in connection with the SRTF. The Trustee appoints the Ombudsperson after approval by the Steering Board. Contact details are provided on the SRTF website.

The **Independent Monitoring Agent (IMA)** is an independent entity appointed by the MCC to enable or enhance the MU's monitoring and supervision of SRTF projects, particularly for projects that are not easily accessible for the Management Unit. The IMA verifies proper implementation of SRTF activities and proper use of delivered goods, works or services inside Syria. Cost of IMA is borne from the project budget with a maximum share of 10 % of the project budget.

The **Procurement Section Head (PRSH)** reports to the COO, develops this Policy and executes the procurement activities of the MU in line with pertinent procedures. The PRSH also keeps oversight on procurement activities executed by other parties than the MU.

The **Compliance Section Head** serves as an independent control unit and ensures that relevant MU departments use all the approved templates, and follow the approved processes and procedures. Additionally, the Compliance Section Head is responsible for confirming that required approvals for financing agreements, procurement derogations, and Supply and Service Agreements are obtained from the MC Chairperson, or the MC.

The Compliance Section Head also serves as an independent contact to suppliers and IEs to receive complaints (before these would be escalated to the Ombudsperson), and has co-signing authority for Supply and Service Agreements.

The Compliance Section Head reports to the COO and the DG.
Further details related to Compliance are specified in the Compliance Manual.

The **Programme Section (PGS)** takes record of, and defines together with the IEs, procurement needs of the Syrian people, and develops corresponding project plans. These will be translated into one or more Procurement Requests Forms and passed to the PRS for execution.

The Programme Section monitors implementation of individual projects, and compliance of IEs with the terms of the applicable project plans and all pertinent standards including this Policy.

Programme Section Head (PGSH) manages recovery Programmes and develops Procurement Plans and Procurement Request Forms. He/she is accountable for the proper execution of procurement-driven activities by the PGS within time and budget.

The Programme Section Head reports to the COO.

The **Director of Finance and Administration (CFO)** reports to the COO and is accountable for budget management and orderly payment to suppliers after substantiation of their invoices. The CFO is also responsible for the relationship with compliance auditors, tax accountants, and legal advisors.

Field Coordination Officers (FCOs) work for the Programme Section and monitor proper implementation / delivery of procured goods or services on the ground inside Syria.

3.2 MU Signature Authorities

3.2.1 Tender Invitations and Termination Letters

The COO as an official representative of the MU companies signs Tender Invitation Letters or letters to terminate a Supply and Service Agreement.

3.2.2 Signing of new SSAs and amendments to existing SSAs, in the name of the IE

The COO checks new Supply and Service Agreements (SSAs), and changes to existing SSAs, for compliance with SRTF templates, objectives, and for technical appropriateness.

The Compliance Section Head checks that the appropriate contract forms have been used and that detail specification match with those previously approved. For the Stabilisation Project, the Compliance Section Head also checks for possible conflicts of interest on the side of the COO, who, in this case, represents both the SRTF and the IE. Should there be any concern on potential real or perception conflict of interest, the Compliance Section Head will refer the matter to the DG and/or the MCC.

New SSAs and amendments to existing SSAs are signed by the COO and the Compliance Section Head.

The Compliance Section Head shall nominate a Compliance team member for backup purposes.

Contract approval is required as defined in section 2.2. above. SSAs and amendments to them with a value above 250,000 EUR require explicit approval of the MCC.

3.2.3 SSAs for MU company own Procurement

Contract approval is required as defined in section 2.2. above.

Contracts or Purchase Orders for procurement for the own needs of the SRTF MU companies are signed by the DG.

4 Supplier Management

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.

Main Activities: Identify suppliers – assess supplier’s qualification – reject or approve for types of delivery and amounts – monitor supplier (re-assess, re-approve or reject)

The first three steps relate to new suppliers, the latter to already existing relationships.

Due to processing cost, all suppliers will be fully vetted only at the time an SSA is prepared, i. e. once they have been selected in a bid. Vetting is not done at the time of approving a supplier to be added to the Supplier Database.

4.1 Organisation of Supplier Management

Management of suppliers is under the responsibility of the Procurement Section. New supplier relationships, however, must be approved by the COO.

Maintenance, execution and further development of the supplier management system at SRTF is the responsibility of the Procurement Section Head. He may delegate to a team member and he ensures the strategic objectives of procurement are considered. This implies that suppliers must be identified, assessed, approved, invited and selected in a fair, objective, transparent and competitive process.

A Supplier Database is maintained by the Procurement Section and fully accessible only to staff from the Procurement Section. This database must be protected adequately against unauthorised access or loss of data. Read access shall be shared with Compliance.

It must be ensured that different persons introduce, assess / re-assess and approve suppliers to be used for procurement activities with values higher than 30,000 EUR.

Overview of supplier terms used in this document

Potential Supplier	A supplier identified as a possible partner to SRTF. Will be approved or rejected after assessment.
Approved Supplier	Supplier approved, but not necessarily vetted, for procurement activities with SRTF.
Rejected Supplier	Supplier who was found inapt for providing proper services when doing the supplier assessment.
Suggested Supplier	Supplier suggested for a procurement activity. Taken among the approved suppliers.
Selected Supplier	Supplier selected in a bidding process or by PRSH for Direct Procurement (approved by COO) or for Purchase Orders.

4.2 Identification of suppliers

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.

Suppliers are distinguished by type of service and place of delivery. The PRS shall review suppliers listed in the Suppliers Database at least annually.

For the Stabilisation Project, NGOs may be contacted as suppliers and “considered” as suppliers – i.e. NGOs can become approved suppliers.

The Procurement Section will publish on appropriate platforms an up-to-date list of the main factors that SRTF applies to assess the quality of suppliers to encourage suppliers to apply for working with the SRTF. Furthermore, an annual public invitation will be published on

appropriate platforms to invite suppliers to present their offer to SRTF using supplier application forms designed by the PRS.

4.3 Supplier assessment

The following types of information shall be assessed for each supplier in an objective way and summarised in a supplier rating:

- Ownership and registration
- Third Party Relationship with SRTF staff, if any
- Strategic fit and offered services
- Risks associated with supplier
- Supplier Financials
- History of supplier with SRTF or others

Suppliers to be used for procurement amounts up to 30,000 EUR can be assessed in a pragmatic way by “screening” of the supplier legal entity and its owner(s) by Compliance² plus a general confirmation of the supplier’s ability to provide the offered goods, works or services and a confirmation to be provided in writing by the supplier that no private or business relationship exists with key individuals (i. e. staff with decision-taking powers) at the SRTF or the IE, or their 1st or 2nd grade family members.

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 summarised in a supplier rating.

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

Proper execution of the assessment process must be verified by Compliance.

4.4 Supplier approval

The Procurement Section suggests new suppliers for approval by the COO. However, suppliers designated for procurement values of up to 30,000 EUR can be approved by the Procurement Section Head. The decision including reason will be recorded in the Supplier Database.

Reasons for rejection of a possible supplier are:

- Supplier strategy contradicts with SRTF strategy
- Supplier can be expected to deliver unacceptable quality or inflated prices
- Supplier requires unacceptable payment before delivery
- Supplier has poor history with SRTF or others
- Supplier has possible conflicts of interest (e. g. third party relationship with SRTF staff or IE)
- Supplier is already approved under a different name (details show that the supplier belongs to an already approved one).

² Given the low level of risk with suppliers used for said amounts, the screening 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. Screening for individual consultants should be done in parallel to their vetting. (See also section 4.4). Screening in any case should not take more time than a few hours.

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.

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.

4.5 Monitoring of suppliers and relationship management

The Procurement Section of SRTF maintains continuous work relationships with certain selected suppliers with outstanding track record of preferred suppliers.

The Procurement Section keeps oversight on supplier performance during delivery and requests corresponding information from the Programme Section.

The Procurement Section shall clearly define what will be checked to assess supplier performance with each procurement activity. Procurement Section staff shall be prepared and nominated accordingly. All checks on suppliers must be documented appropriately.

Monitoring results shall be summarised in a Red Amber Green rating / simple rating score. Criteria to be included are:

- Quality of cooperation with SRTF and IEs
- Compliance with agreed requirements
- Technical endowment and development of it
- Overall Reputation

Related updates in the Supplier Database should be made without undue delay.

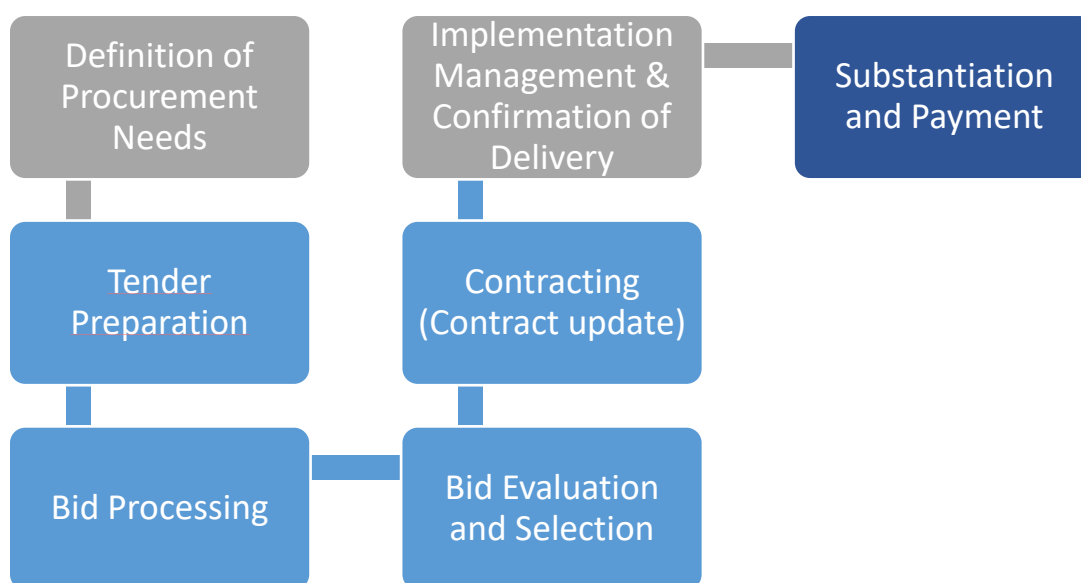
In case of problematic development of a supplier's overall quality, the head of procurement shall consider re-assessment as per section 4.3 and possible exclusion from the approved supplier list.

5 Procurement Process

5.1 Overview

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 Forms, forming the basis of bid preparation, where suppliers are identified and bid documents sent out by the Procurement Section. Bid processing includes clarification of supplier questions and receiving and opening bid documents. Bids are then evaluated to identify the best offer and the corresponding supplier will be contracted after being vetted. Programme Section then coordinates during implementation until final delivery. If the need for contract changes is identified during implementation, it will be amended as required. The procurement process is concluded with the final payment, which follows substantiation of proper supplier invoices.

The defined procurement process applies to all procurement methods and types. Special requirements or alleviations are defined as and where they apply.



Flowchart: The procurement process. Grey boxes fall within the main responsibility of the Programme Section, light blue boxes are covered by the Procurement Section, dark blue by Finance.

5.2 Definition of Procurement Needs

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

5.2.1 Work basis: Procurement Plan

The PP is assumed to have been defined as per the project management standards established by the SRTF. Due care shall be taken by the Programme Section to ensure the IEs define their needs precisely and realistically and, moreover, in line with the SRTF objectives to help the Syrian people.

The Programme Section is responsible for doing an adequate **market analysis** to ensure the procurement planning is realistic in both technical terms, prices and availability.

The final **procurement plan** developed by the Programme Section requires approval as follows:

- The COO confirms needs specifications are technically reasonable and don't favour certain bidders by e. g. using tailor-made technical specifications.
- The IE confirms they match needs and requirements,
- The Procurement Section confirms that definitions are realistic and can be procured for effectively and efficiently.
- The Programme Section Head is ultimately responsible for the definitions made in the PRF and also ensures compliance with applicable norms and regulations (labour protection, health, environment, exclusion lists etc.).

SRTF MU companies own needs are identified by the DG and the COO, replacing the PP.

Splitting of procurement plans into several procurement requests in order to stay below a EUR threshold as defined in sec. 2.2 is not allowed unless approved by the MC or the MCC.

5.2.2 Procurement Request Form

The initiative to start a procurement activity is taken by the COO based on proposal by the Programme Section Head in 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 PRF is compiled by the Programme Section and signed off by the Programme Section Head for quality and compliance with the budget to be signed off by Finance Section..

The main aspects of the PRF must be confirmed by the involved IE(s) in writing. The market analysis done for the PP must be updated or confirmed if the PRF is created later than 12 months after the initial market analysis.

The PRF shall comply with the following requirements:

- Definitions must be adequately categorised 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 be asked for complex procurements as appropriate.
- The type of Request (RfP or RfQ) 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.

5.2.3 Subsequent updates of need specifications

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 documented properly.

If the required changes affect the underlying definitions of the PP, section 5.3. of the Operations Manual (Amendments and modifications of approved projects) applies.

Case A: Tender Process not yet concluded and Supplier not selected yet:

Where there is a **material change** in Main Categories of the specifications, the PP / PRF should probably be re-written and the bidding process shall be repeated. This has to be done with a **Variation Order Form** by the Programme Section, which is signed off by the Programme Section Head and the COO just like the initial PRF.

When the **changes are of minor relevance** (e. g. alternatives to previous specifications have been raised) all bidders shall be asked for updated quotes and the tender deadline may need to be adjusted. This shall be documented upon agreement between the Head of the Procurement Section and the Head of the Programme Section in a **Bid Modification Form**, which is also signed off by the COO.

The Programme Section Head shall decide for the appropriate reaction together with the Procurement Section Head and ensure proper justification and record keeping of such decisions. If the Programme Section Head and the Procurement Section Head cannot take a decision, escalation to the COO is required.

Case B: Tender Process not yet concluded and Supplier not selected yet:

Extension to deadlines (not exceeding 5 working days) can be initiated by the PRSH, longer extensions require review and approval of the concerned project manager and PSH.

Queries concerning commercial issues of the bid can be initiated by the PRSH, technical queries require review and approval of the concerned project manager and PSH.

Case C: Supplier already selected:

The Contract Management Committee (CMC) shall be called to discuss and agree on whether to cancel the existing SSA and to restart procurement with an updated PP / PRF or to amend the existing SSA to conclude the already started delivery of the agreed G / W / S.

All cases require the Programme Section to communicate to and ask for approval of significant changes from the IE and the MCC in case of procurements which had been approved by the MCC initially.

Section 5.3 of the Operating Manual applies.

5.3 Tender preparation

Objective: Potential bidders are objectively identified among approved suppliers and shortlisted, and the bid is launched with all necessary details/requests

Main Activities: Selected bidders are identified, who are able and interested in responding to the required procurement activity. The PRF is translated into bidding documents to be sent to selected bidders (or the one bidder in case of Direct Procurement) and the appropriate procurement method and bidding timeline is decided upon.

Main process step input: Procurement Request Form

Main process step output: Procurement documents sent to selected bidders

Process owner: Procurement Section

5.3.1 Definition of the Procurement Method

The procurement method to be applied is chosen by the Procurement Section Head as stipulated in this policy (section 2.2). If Direct Procurement is suggested, this must be substantiated with one of the reasons as specified in this policy (see above, "Procurement Methods"). 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.

Direct Procurement or selection of a Procurement Method in deviation from the selection rules specified in section 2.2 require approval by the COO for values up to 250,000 EUR and the MC Chairman for values above 250,000 EUR.

5.3.2 Identification of Selected Bidders

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 bidders.

The Procurement Section uses the Supplier Database to filter out potential bidders in an objective and fair way as per required goods / works / services. If an insufficient number of potential bidders is found, additional suppliers shall be identified as time permits. If successful, these shall be included in the Supplier Database. A written note / email with the selected bidders, the selection criteria and justification, if required, should be prepared by Procurement Section, the selection criteria and invited bidders, the note should be endorsed by Compliance Section before being approved by the COO. The note should be file in the bid files.

The Procurement Section considers contacting all potential bidders informally (thereby avoiding the disclosure of confidential information) to verify their interest in the bid. For projects with complex demands for proper delivery on-site visits shall be considered. The Procurement Section applies the required checks as appropriate and necessary.

The identification of selected bidders must be documented by the PRS and Compliance shall check the selection or later changes of bidders for procurement activities with amounts exceeding 250,000 EUR.

For Direct Procurement and Purchase Orders, vetting or screening (please see Compliance Manual for details) of the selected supplier can be requested by the Procurement Section at this point in time (unlike for other methods, where vetting is done immediately before contracting). Validity of the vetting or screening result, if positive (i.e. supplier is confirmed eligible) is defined by Compliance.

5.3.3 Tender documents preparation

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

Tender documents shall comply with the following rules:

- 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 100,000 EUR

require a **technical offer separate from a financial offer**. Bidding documents for LIB and shopping for amounts up to 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, Shopping 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 do not have to be disclosed.
- Invited bidders shall be asked to confirm receipt of the tender documents.
- 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.

5.4 Bid documents processing

Objectives: Selected bidders are able to seek clarifications, and come forward with alternatives if applicable. Bids received are kept secured and treated confidential until bid opening.

Main Activities: Clarify queries, receive bid documents, store them safely and open them in a BOC meeting

Main process step input: Tender documents sent to selected bidders, clarification requests

Main process step output: Received bidding documents, with technical part being distributed to the Programme Section for evaluation

Process owner: Procurement Section

5.4.1 Clarification of questions

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.

Questions received after the defined deadline will be ignored, unless their answers 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 as per section 5.2.3 "Subsequent updates of need specifications".

Tender documents will be updated and re-sent by the Procurement Section as and when necessary.

5.4.2 Receipt of bidding documents or quotes

Bid documents are received in paper form or electronically and in a way that ensures confidential treatment and 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. Bid documents received after the deadline are not accepted.

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

5.4.3 Bid documents opening

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.

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.

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.

Technical offers shall be scanned and passed 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.

Minor formal incompliances of bid documents shall not necessarily exclude the respective bidder. If in doubt, the BOC shall decide.

5.5 Bid evaluation and selection of supplier

Objective: Bids are evaluated in an objective and transparent manner. The winning bid is selected in the way that has been established during the definition of Procurement Needs.

Main Activity: Execution of technical evaluation, opening of financial offer, overall evaluation and selection of best bid, vetting of selected supplier

Main process step input: Received bidding documents from suppliers

Main process step output: Selected supplier

Process owner: Procurement Section

5.5.1 Technical Evaluation

The Programme Section reviews the technical proposals of received bids using a pre-defined **Technical Evaluation Form** to ensure a high level of objectivity and provides results to the Procurement Section.

All evaluations must be signed off twice: by the reviewing technical expert for technical confirmation of evaluation results and by the PGSH for overall plausibility of the review done by the technical expert. Any case of technical non-compliance of a bid and any discrepancies in the evaluation results between the technical reviewer and the PGSH must be substantiated and documented in the Technical Evaluation Form.

The review by the PGS must cover a check for possible change order abuse.

Questions to bidders resulting from the technical review must be shared by the Programme Section with the Procurement Section, who will clarify.

Alternative options as received within bids may show material possibilities to improve the procurement activity. In such case, the Bid Evaluation Committee (BEC) shall decide on whether to re-tender with adjusted specifications or to ask for updated bids from the participating suppliers as per section 5.2.3 above (Subsequent updates of needs specifications).

Minor formal incompliances in bid documents shall not necessarily exclude the respective bidder. If in doubt, the BEC shall decide.

For procurement activities exceeding the value of 250,000 EUR, the technical evaluation must be reviewed in detail by a second technical expert from the Programme Section. This 2nd technical review can be done by the PGSH. The PGSH shall use external support in case the own technical capacities at the MU are insufficient.

5.5.2 Opening of Financial Offer

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

Necessary adjustments like possible arithmetic mistakes or discounts shall be processed with due care by the Procurement Section.

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

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 up to 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 above 100,000 EUR shall normally be done in direct communication with the selected bidder, with SRTF being represented by the PRSH or his 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.

For offers that are significantly lower than those of other bidders, the Procurement Section Head is at liberty to question the reasons for the presented low price.

Information as given in the final Technical Evaluation Forms and the final Financial Offers will be summarised in a Tender Evaluation Report.

5.5.3 Selection of supplier including vetting

Supplier selection is based on the Tender Evaluation Report.

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 a LIB tender to be successful, there must be at least two comparable offers (technically and financially compliant).

For other methods, 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 or by the Section Heads of Programme and Procurement.

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

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

Once selected, the supplier must be screened or vetted (unless this has already been done for Direct Procurement and Purchase Orders) and any 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.

5.6 Contracting and Contract Updates

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. Receive Variation Order Requests for SSA updates and amend SSAs as needed.

Main process step input: Selected offer and supplier details, Standard Contract for procurement type as appropriate, Variation Order Requests.

Main process step output: (Updated) SSA between selected supplier and IE, signed by the MU on behalf of the IE for Recovery Projects or by the MU for Stabilisation or SRTF own needs.

Process owner: Procurement Section.

For Purchase Orders only, a contract is not required, but a purchase order will be compiled by the Procurement Section, ensuring delivery of G / W / S as offered in the winning bid.

With all other procurement methods supplier 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.

Changes to SSAs are processed by the Procurement Section in a similar way as new SSAs. Basis for such changes is the approved Variation Order Request from the CMC.

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

5.7 Implementation Management & Confirmation of Delivery

Objective: Procurement is implemented as contractually agreed. Required adjustments are quickly identified and corresponding changes are implemented. If need be, the SSA is terminated.

Main Activity: Programme Section coordinates supplier and IE to achieve proper delivery on the SSA. If the procurement process cannot be executed as foreseen, change requirements are agreed and implemented or the SSA is terminated

Main process step input: SSA with specifications defined, implementation issues and proposals for rectification

Main process step output: Confirmed delivered supplies and services, possibly a Variation Order Request in case of required changes

Process owner: Programme Section

5.7.1 Implementation as planned

The Programme Section supports the IE in coordinating with the supplier and other involved parties to ensure proper delivery of the contracted G / W / S.

5.7.2 Implementation Changes

If the current procurement activity cannot be executed as foreseen (for example when delivery terms or other specifications cannot be upheld or underlying needs or conditions have changed), but can be continued by updating contract specifications, which can be made within budget, the Contract Management Committee (CMC) is called to discuss these.

The CMC will define the required changes in a **Variation Order Request**.

Changes must be covered by the underlying Procurement Plan and not contradict its original purpose or exceed the original budget.

If no reasonable changes can be applied to save the current procurement activity, the SSA shall be terminated by decision of the CMC. Possible requirements to compensate the supplier must be considered and possible compensation by the supplier shall be requested in case of supplier default. A legally approved and duly signed termination letter is sent to the supplier by the Procurement Section.

The CMC shall decide on whether to repeat the bid or to ask the next best compliant supplier to take over.

All change requests by suppliers shall be checked by Compliance for possible tender manipulation. Indications for failures or even fraud on side of the supplier must be recorded in the Supplier Database and managed as a risk incident.

5.7.3 Confirmation of Delivery

Field Coordination Officers (FCOs) or other SRTF staff must verify proper delivery of all supplies and services against specifications of the SSA or Purchase Order. They must make sure all guarantees, certificates and approval notes are provided as specified in the SSA or purchase order. Photos must be taken to document delivery, where this is possible. The verification of delivery must be documented in writing and all related documents must be kept at the Programme Section. Certificates, warranties and similar documents must be received as originals and are kept by the Programme Section in a safe place.

Section 5.7 "Coordination and Supervision of Implementation" of the Operations Manual applies.

At a later stage, additional verifications of proper delivery of G / W / S will be done by the IMA for separate reporting. Section 6 "Monitoring and Evaluation" of the Operations Manual applies.

5.8 Substantiation and payment

Objective: Proper payment to suppliers following confirmed delivery of contracted or ordered G / W / S

Main Activity: Substantiate supplier invoices and execute payments

Main process step input: Supplier Invoice, confirmation for proper delivery against SSC or purchase order, certifications

Main process step output: Payment to supplier

Process owner: Finance Department

Invoices from suppliers shall be received by the Finance Department. The Finance Department will check these against the delivery confirmation files collected by the Programme Section and verify payment conditions as specified in the SSA or purchase order.

Due care shall be taken for staged payments according to progress in implementation. Finance must ensure the receiving entity of the invoice amount is the same as specified in the SSA or purchase order and clarify with the supplier any discrepancies.

In case of gaps in delivery, the Procurement Section Head and the Programme Section Head shall discuss and propose amount of money to be withheld from payment. The COO has to approve the retention for contracts below 250,000 EUR before sending payment request to the finance section for their check and payment processing. Contract over 250,000 EUR will require approval of the MCC.

Advance payments to selected suppliers are possible only if:

- The supplier company is at least 5 years in business,
- The supplier submits copies of last 3 years audited financial reports showing that the company was profitable, and
- The annual turnover of the supplier in each of the three audited years was at least two times higher than the amount of the contract value.

In such cases, advance of up to 25,000 EUR can be made, or advances of up to 200.000 EUR if the advance payment does not exceed 20 % of the SSA value.

6 Monitoring and reporting

Objective: Effectiveness and efficiency of procurement process is continuously ensured and weaknesses are identified and rectified

Main Activity: Monitor performance of procurement activities and related risk indicators

Main process step input: Indicators and incidents relating to procurement

Main process step output: Procurement Report

Process owner: Procurement Section

KPIs and KRIs shall be defined by the SRTF Management for ongoing monitoring of the procurement process. Corresponding reports shall be provided by the Procurement Section to SRTF Management.

Indicators shall include number and amounts of procurement activities, specifying method and type, exception processing, supplier concentration and incidents.

Document Maintenance

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

Approval Record

Version	Approved by	Approval Date	Signature
1.0	Management Committee	01.05.2020	See minutes of committee meeting
1.1	Management Committee Chairman	04.02.2021	Email to the DG, COO and Compliance Section Head
1.3			

Change Control

Version	Date	Author	Remarks																								
1.0	28/01/2020	DG	Compilation of first version following procurement review in March 2019																								
1.1	28/04/2020	Independent Consultant	Compilation of final version following MC's Review and comments.																								
1.2	4/02/2021	04.02.2021	Change of minimum number of invited bidders for Bids over 500,000 EUR (Section 5.3.2)																								
1.3	3/03/2021	COO and PRSH	Changes to the following clauses: <table border="1"> <tr><td>2.2.3</td><td>Direct procurement</td></tr> <tr><td>2.2.4</td><td>Purchase Orders</td></tr> <tr><td>2.3</td><td>Procuring entity</td></tr> <tr><td>3.1</td><td>The main functionaries for procurement</td></tr> <tr><td>4.3</td><td>Supplier assessment</td></tr> <tr><td>4.4</td><td>Supplier approval</td></tr> <tr><td>5.3.1</td><td>Definition of the procurement method</td></tr> <tr><td>5.3.3</td><td>Tender documents preparation</td></tr> <tr><td>5.5.2</td><td>Opening of financial offer</td></tr> <tr><td>5.4.3</td><td>Bid documents opening</td></tr> <tr><td>5.5.3</td><td>Selection of suppliers including vetting</td></tr> <tr><td>5.6</td><td>Contracting and Contract update</td></tr> </table>	2.2.3	Direct procurement	2.2.4	Purchase Orders	2.3	Procuring entity	3.1	The main functionaries for procurement	4.3	Supplier assessment	4.4	Supplier approval	5.3.1	Definition of the procurement method	5.3.3	Tender documents preparation	5.5.2	Opening of financial offer	5.4.3	Bid documents opening	5.5.3	Selection of suppliers including vetting	5.6	Contracting and Contract update
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1.4	30/11/2021	PRC	Changes to the following clauses: <table border="1"> <tr><td>5.2.3</td><td>A new scenario was added as the new Case B.</td></tr> <tr><td>5.3.2</td><td>Identification of Selected Bidders</td></tr> <tr><td>5.5.2 5.4.3</td><td>A new provision was added that makes it obligatory for tenders >250k that follow LIB to have at least two valid offers.</td></tr> <tr><td>5.5.2</td><td>A new provision was added on significantly lower offers.</td></tr> <tr><td>Annex A ToR PRC</td><td>Additional members added, and provision added in case of a tied vote.</td></tr> </table>	5.2.3	A new scenario was added as the new Case B.	5.3.2	Identification of Selected Bidders	5.5.2 5.4.3	A new provision was added that makes it obligatory for tenders >250k that follow LIB to have at least two valid offers.	5.5.2	A new provision was added on significantly lower offers.	Annex A ToR PRC	Additional members added, and provision added in case of a tied vote.														
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Annex A ToR PRC	Additional members added, and provision added in case of a tied vote.																										

Annex A – Committee ToRs

Procurement Review Committee (PRC)

Committee Purpose

Review performance of procurement activities at SRTF

Committee Agenda

1. Approval of minutes of last meeting
2. Update on Action Points
3. Review current procurement activities including KRIs, KPIs and incidents, if any
4. Outlook on upcoming procurement activities
5. Update on Suppliers
6. AOB

Committee's Authorities

- Initiate updates to Procurement Policy or Process
- Escalate issues to MC
- Finalise regular procurement report for MC

Chairperson

Procurement Section Head

Moderator

Procurement Section Head

Members of Committee

1. Procurement Section Head
2. Stabilization Programme Section Head
3. Recovery Programme Section Head
4. COO
5. DG
6. Compliance Section Head

Frequency

Quarterly

Quorum for decision taking (simple majority)

3 members including Compliance

In the event of a tied vote, the Chairman shall have the casting vote provided that the vote of the Compliance Section Head and that of the Procurement Section Head is unanimous. If not, the matter is escalated.

Escalation to

Management Committee Chairperson

Bid Opening Committee (BOC)

Committee Purpose

Ensure proper opening of all received bids from suppliers, discuss and decide upon minor cases of incompliance with received bids

Distribute technical offers to Programme Section for review

Pass Financial Offers to Procurement Section for safekeeping until technical evaluation is done

Write protocol of all relevant bid opening activities carried out during committee meeting

Committee Agenda

- Nominate moderator
- Take bid envelopes from safe box and reconcile with receipt log, when received, in paper form
- Open bid envelopes or bid e-mails
- Verify formal compliance of bids
- Open technical offers and earmark all pages
- Ensure financial offers are kept close
- Fix date for opening financial offers / phase 2 of BOC
- Open financial offers
- Conclude meeting

Committee's Authorities

- Decide if bids are accepted to go for evaluation

Chairperson and Moderator

One member of the Procurement Section

Members of Committee

- Procurement Section Member
- Compliance Section Member
- Another member of the Procurement Section

Frequency

Ad hoc, as per bid receipt deadlines

Quorum for decision taking (simple majority)

One member of Procurement Section, and one member from Compliance section.

PRSH acts as primus inter pares.

Escalation to

COO

Bid Evaluation Committee (BEC)

Committee Purpose

Discuss and agree on issues brought up during evaluation of bids or with DP offers exceeding original budget significantly

No standing Committee Agenda

Committee's authorities and responsibilities

- Decide if bids are acceptable / compliant
- Check for possible change order abuse
- Decide for the need of a Variation Order to update the PRF for a bid
- Decide for the need of a Bid Modification Form to adjust bidding documents
- Select winning bidder for complex evaluations (bvfm and RfPs) of high value bids
- Confirm financial and technical adequacy for direct procurement offers in case bid value exceeds budget by more than 10 %
- Confirm DP method for offers exceeding initial budget, thereby breaking the 5 % - 6 months rule as per policy section 2.2.3
- Decide if adjustment to bid specifications is required and if tender must be repeated

Chairperson

Procurement Section Head

Moderator

Chairperson

Members of Committee

- Programme Section Head or delegate
- Procurement Section Head or delegate
- Compliance Section Head or delegate
- COO in case of discussion of DP offer exceeding budget

Frequency

Ad hoc, as per bid issues identification

Quorum for decision taking (simple majority)

All members

COO included in case of discussion of DP offer exceeding budget

Escalation to

COO

Contract Management Committee (CMC)

Committee Purpose

Discuss and agree on how to deal with requirements to update SSAs

Committee Agenda

- Confirm requirement to change existing SSA
- Review case for possible tender manipulation
- Agree on change details, ensuring compliance with budget and PP
- Discuss if and how contracted services or supplies may be used in other procurement activities or even in other projects

Committee's Authorities

- Propose changes to existing SSAs for approval by COO (if below 250k EUR) or by MCC (if above 250k EUR)
- Decide if an SSA is to be terminated
- Decide if tender is to be repeated with updated definitions

Chairperson and Moderator

Programme Section Head

Voting Members of Committee

- Programme Section Head
- Procurement Section Head
- Compliance Section Head

Other Members

- Technical experts from the Programme Section shall be invited as non-voting members as and when required. (Objective: ensure technical know-how is considered, ensure coordination with affected IE.)

Frequency

Ad hoc, as per procurement implementation issues identification

Quorum for decision taking (simple majority)

All voting members

Escalation to

COO

Annex B – Framework Agreement / Procurement Sections

PROCUREMENT

The Supply and Service Agreements to be entered into by the Implementing Entity or the Syria Recovery Trust Fund Management A. Ş., as the case may be, shall be awarded by a fair and transparent procurement procedure with the objective to use the available Contributions as economically and efficiently as possible and in accordance with the Procurement Manual to be developed by the Management Unit and submitted to the Management Committee for approval within 6 months of signing of the first Supply and Service Agreement. The guidelines for the Procurement Manual are set out in Schedule 4 (Procurement Guidelines). The Management Unit shall exercise its compliance duties with respect to the Supply and Service Agreements and other such procurements for operational costs of the Syria Recovery Trust Fund in accordance with the compliance duties of the Management Unit under Clause 4.3 (Compliance Duties of the Management Unit).

SCHEDULE 4

PROCUREMENT GUIDELINES

The Supply and Service Agreements procured by the Implementing Entity or the Syria Recovery Trust Fund Management A. Ş., as the case may be, shall be awarded by a fair and transparent procurement procedure with the objective to use the available Contributions as economically and efficiently as possible. The Procurement Manual will be developed by the Management Unit in accordance with internationally accepted practices and norms for the procurement of Supply and Service Agreements and will consider the special conditions under which the Approved Projects will have to be implemented in Syria.

The following principles will be respected in the procurement of supplies and services:

(a) Supply and Service Agreements shall be awarded on basis of an international competitive bidding process, unless there are justified reasons to deviate from this principle. Justified reasons to limit or abstain from the bidding process may include:

- (i) the moderate size of the project;*
- (ii) logistical reasons;*
- (iii) the low local price level;*
- (iv) only a limited number of contractors is capable of meeting the specifications of the tender;*
- (v) the procurement of commercially obtainable goods and services is of a kind, value or scope that does not justify a competitive bidding process;*
- (vi) there are specific reasons that only a particular enterprise is suitable for supplying the goods and services to be procured;*
- (vii) supplies and services are so urgent that a bidding contest is not possible, such as in the case of emergency measures;*

(b) the procurement process shall allow a fair competition that gives all bidders an equal opportunity and ensures the selection of the most favourable bid;

(c) there are no restrictions regarding the bidder's country of domicile or the country of origin of supplies and services;

(d) *bidders may submit bids if none of the following reasons for exclusion apply:*

(i) *participation of a bidder (or any of its personnel) is ruled out by sanctions issued by the UN Security Council, the EU, the U.S. or any other Donor government;*

(ii) *the bidder is or was involved as a consultant in the preparation or implementation of the Project. The same applies to an enterprise or an individual that is closely connected to the bidder under a company group or a similar business link, or to several enterprises or individuals associated correspondingly (exception: In BOT projects or turnkey projects a participation of future suppliers or manufacturers may even be desirable);*

(iii) *the bidder is legally barred from the procurement process in its own or any Donor country or the country of the contracting agency on the grounds of previous violations of regulations on fraud and corruption; if the bidder is legally barred from the procurement process in Syria, the exclusion shall only be considered, if it is officially recognized by the National Coalition.*

(iv) *the bidders or sub-contractors to be contracted for considerable portions of the contract are enterprises economically intertwined with the contracting agency in the host country and/or state-controlled enterprises that are not legally or financially independent;*

(e) *Force Account, Target Group-implemented measures*

Bidding procedures may be dispensed if measures are to be carried out by the Implementing Entity, by units that report to it, or directly by the target group to achieve greater sustainability or employment effectiveness because of specific circumstances (for instance emergency measures). In this case the Financing Agreement and the Supply and Service Agreements, if any, are to be adapted to the particular requirement;

(f) *a proposal for the procurement procedure to be applied shall be part of any Project Proposal that includes the requirement to procure supplies and/or services;*