



Adopted by 2016 CCB General Meeting, Lviv (Ukraine)

CCB PROCUREMENT GUIDELINES

1. INTRODUCTION

Procurement is the purchase of works, assets, goods and services for the organisation. Procurement is often considered as one of most risky areas in NGO financial management and therefore a clear and transparent procurement policy is a pre-requisite for efficient activities of the organisation.

These Procurement Guidelines set the procurement routines for Coalition Clean Baltic. They will serve as a guide for managing procurement throughout CCB activities and will be updated as acquisition practice needs change. These Guidelines identify and define the items to be procured, the types of contracts to be used in support of CCB activities, the contract approval process, and decision criteria. The importance of coordinating procurement activities, establishing firm contract deliverables, are also included. Other items included in the Procurement Guidelines are: procurement risks and procurement risk management considerations; how costs will be determined; how standard procurement documentation will be used; and procurement constraints.

These Procurement Guidelines should be applied by CCB Member Organizations when operating projects within CCB network, unless own procurement routines and practices have been established and enforced.

2. PROCUREMENT OBJECTIVES AND MANAGEMENT APPROACH

The Objectives of CCB's procurement policy are set to ensure that

- The goods or services are purchased in quality and specification suitable for the purpose of a purchase
- Best value for money is achieved
- The process is safe, i.e. risk of fraud is minimised
- The process is fast enough to meet CCB's Work Plan needs
- Specific grant conditions are complied with
- Relevant ethical considerations, e.g. green procurement, are applied to the extent possible

As a non-profit organization CCB is being bound to receive funding for its activities from various donors, hence needs to adapt procurement practices to fit for their specific procurement guidelines, e.g. [SIDA](#), [EU](#) and various international and national, e.g. [Swedish](#), procurement rules and regulations. Having internal stages clearly defined helps compare and adjust to donor regulations as required (cf. typical stages of a procurement process in Annex 1). Where a donor's rules are stricter than own internal policies CCB ensures a compliance with the donor rules for that particular grant agreement.

Taking into account the "green procurement" approach, decisions upon selection of products and services will be based on e.g. the [EU Buying Green! Handbook](#), [SIDA's Policy for Green Procurement](#), the [Nordic Council of Ministers](#) and the [Baltic Green Procurement Guide](#). All staff members will familiarize themselves with the green procurement practices to make informed decisions.

The CCB Executive Secretary together with the Controller will provide oversight and management for all procurement activities within CCB. The CCB Executive Secretary will work with Secretariat staff to identify all items (products and/or services) to be procured for the successful implementation of CCB activities. The procurement needs will be reviewed to determine whether it is advantageous to purchase or outsource any items, and begin the vendor selection, purchasing and the contracting process prior to submitting for payment. The same procedure should be applied by CCB Member Organizations (cf.#1) unless otherwise specified in own policies and routines.

A routine applied for a procurement process applied depends on the following types of specific purchase

- One off (e.g. consultancy service) or repeated (e.g. office stationery)
- Low, medium or high value
- Budgeted or not budgeted
- Subject to grant conditions or not
- Cash or credit purchase
- Fixed asset or consumable
- Routine or emergency

A typical process for the purchase of a higher value item is described by a Figure 1 below

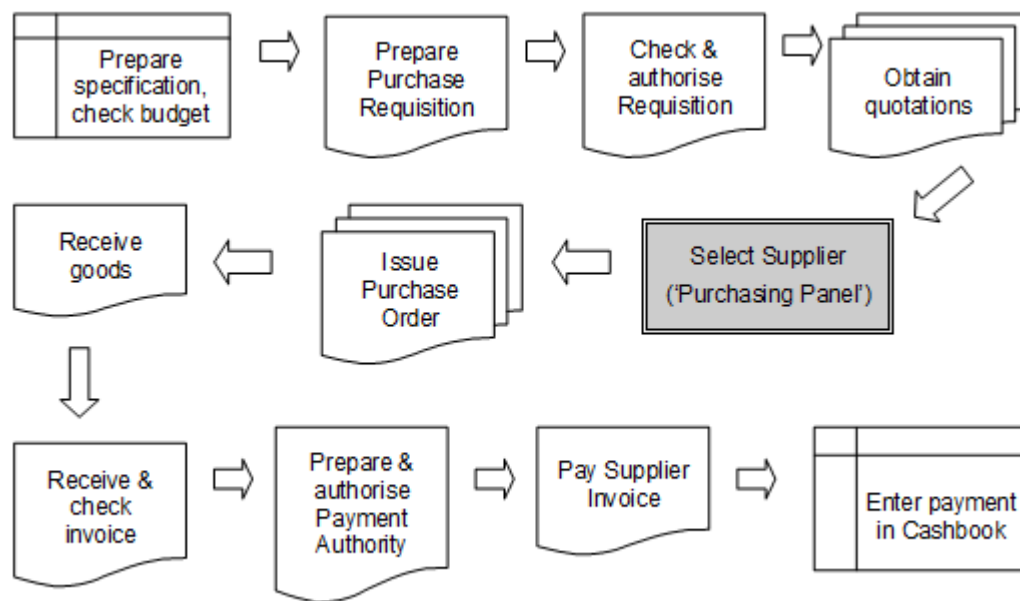


Figure 1. Schematic process of procurement of an item of goods/services of a higher value

3. TYPE OF CONTRACT TO BE USED

Most items and services to be procured for CCB activities will be solicited under fixed price contracts, however depending on circumstances and donor's requirements, time-and-material, as well as cost-reimbursement contracts can be applied. The CCB Secretariat team will work to define the item types, quantities, services and required delivery terms to inquire bids from various vendors with a view to procure the items within the required time frame and at a reasonable cost once the vendor is selected. A contract will be awarded based on weighing selection criteria specified in the procurement notice.

4. PROCUREMENT RISKS AND RISK MANAGEMENT

All procurement activities carry some potential for risk which must be managed to ensure success of the activities. While all risks will be managed in accordance with relevant project's risk management, there are specific risks which pertain specifically to procurement which must be considered:

- Unrealistic schedule and cost expectations for vendors of goods/services
- Conflicts with current contracts and vendor relationships
- Potential delays in shipping and impacts on cost and schedule
- Questionable past performance for vendors
- Potential that final product/service does not meet required specifications
- Mismatch of internal procurement procedures of Member Organizations and Partners with the general procurement policy/guidelines of the CCB
- NGO specific: e.g. paying too much for sub-standard goods/services or buying from related parties.

These risks are not all-inclusive and the standard risk management process of identifying, documenting, analyzing, mitigating, and managing risks will be used.

As previously stated, project risks will be managed in accordance with the project's risk management. However, for risks related specifically to procurement, there must be additional consideration and involvement. Project procurement efforts involve external organizations and potentially affect current and future relationships as well as internal supply chain and vendor management operations. Because of the sensitivity of these relationships and operations the CCB Secretariat will include/highlight procurement matters in all project meetings, including planning, status reviews and reporting. Additionally, any decisions regarding procurement actions must be approved by CCB Executive Secretary and/or Controller before implementation. Any procurement items (products and/or services) found relevant for the CCB Secretariat should be well planned in the annual budget and presented to the Chairperson and the Board prior to implementation. Any new issues concerning procurement actions or any newly identified risks will immediately be communicated to the sponsor/donor of specific activities/projects.

5. COST DETERMINATION

As a general rule for the CCB activities, a Request for Proposal (RFP) will be issued in order to solicit proposals from various vendors which describe how they will meet procurement/tender requirements and the cost of doing so. The vendors will outline how the work will be accomplished, who will perform the work, vendors' experience in providing these goods, customer testimonials, backgrounds and resumes of employees performing the work, and a line-item breakdown of all costs involved. Additionally, the vendors will be required to submit work plans and work schedules to show their understanding of the work to be performed and their ability to meet the project schedule.

All information must be included in each proposal as the proposals will be used as the foundation of our selection criteria. Proposals which omit solicited information or contain incomplete information will be discarded from consideration.

6. STANDARDIZED PROCUREMENT DOCUMENTATION

The procurement management process consists of many steps as well as ongoing management of all procurement activities and contracts. In this dynamic and sensitive environment, CCB's goal must be to simplify procurement management by all necessary means in order to facilitate successful completion of our contracts and project. To aid in simplifying these tasks, CCB will use standard documentation for all steps of the procurement management process. These standard documents have been developed and revised over a period of many years in an effort to continually improve procurement efforts. They provide adequate levels of detail which allows for easier comparison of proposals, more accurate pricing, more detailed responses, and more effective management of contracts and vendors.

The CCB Controller maintains a repository on the CCB's shared drive (and in printed form in archive) which contains standard project management and procurement documentation that will be used for CCB's projects. The following standard documents can be used for project procurement activities:

- Standard Request for Proposal Template including (background, proposal process and timelines, proposal guidelines, proposal formats and media, source selection criteria, pricing forms, statement of work, terms and conditions)
- Internal source selection evaluation forms
- Contract Template
- Procurement performance evaluation form
- Other, if necessary e.g. feedback form
- List of contractors to be attached to Annual Financial Report.

Depending on funding source, such documentation may vary. Vendors are also allowed to use their own standardized tender/bidding formats.

7. PROCUREMENT CONSTRAINTS

There are several constraints that must be considered as part of the project's procurement management. These constraints will be included in the RFP and communicated to all vendors in order to determine their

ability to operate within these constraints. These constraints apply to several areas which include schedule, cost, scope, resources, and technology:

Schedule:

- Project schedule is not flexible and the procurement activities, contract administration, and contract fulfillment must be completed within the established project schedule.

Cost:

- Project budget has contingency reserves built in; however, these reserves may not be applied to procurement activities. Reserves are only to be used in case of an approved change in project scope.

Scope:

- All procurement activities and contract awards must support the approved project scope statement. Any procurement activities or contract awards which specify work which is not in direct support of the project's scope statement will be considered out of scope and disapproved.

Resources:

- All procurement activities must be performed and managed with current personnel.

8. CONTRACT APPROVAL PROCESS

The first step in the contract approval process is to determine what items or services will require procurement from outside vendors. This will be determined by conducting a cost analysis on products or services which can be provided internally and compared with purchase prices from vendors. Once cost analyses are complete and the list of items and services to be procured externally is finalized, the CCB Secretariat will send out solicitations to outside vendors. Once solicitations are complete and proposals have been received by all vendors the approval process begins. The first step of this process is to conduct a review of all vendor proposals to determine which meet the criteria established by the project team and the purchasing and contracts department. Purchases less than 10000 EUR only require the approval of the responsible staff member and the Controller; whereas, purchases greater than 10000 EUR must be approved by the Controller and the Executive Secretary. In certain cases, requiring procurement for the CCB Secretariat purposes a Board decision might be necessary.

9. DECISION CRITERIA

The criteria for the selection and award of procurement contracts under specific project/activity will be based on the following decision criteria:

- Ability of the vendor to provide all items by the required delivery date
- Quality
- Cost
- Expected delivery date
- Past performance
- Environmental criteria (cf. 2)

These criteria will be measured by the CCB Secretariat staff. The ultimate decision will be made based on these criteria as well as available resources.

10. VENDOR MANAGEMENT

CCB Executive Secretary with respective staff member designated for a specific project/activity are jointly responsible for managing vendors. In order to ensure the timely delivery and high quality services from vendors the Executive Secretary will meet regularly with staff members to discuss the progress for each procured item (service). Such format will provide an opportunity to review each item's development or the service provided in order to ensure it complies with the requirements established in the activity specifications. It also serves as an opportunity to ask questions or modify contracts or requirements ahead of time in order to prevent delays in delivery and schedule. The Executive Secretary will be responsible for scheduling such meetings until all items are delivered and are determined to be acceptable.

Annex 1. Typical stages in a procurement process

(organisation's process may vary, with more or fewer steps, and use different terminology and forms)

