



**Baltic Initiative on European Reform**

**PROCUREMENT AND  
CONTRACTING MANAGEMENT  
POLICY**

## **1. Purpose**

Baltic Initiative on European Reform, in view of annual funding for project implementation by donors, has established a Procurement Policy to ensure transparent financial management and procurement processes. This policy is meticulously designed to reinforce the organization's commitment to and compliance with key principles, including best value for money, fairness, integrity, transparency, and effective competition.

This comprehensive Procurement Policy governs all procurement and contracting activities associated with project implementation. It serves as a guiding framework to ensure that procurement practices adhere to ethical standards and optimize value for money. The principles outlined in this policy play a crucial role in fostering accountability, transparency, and fairness across all aspects of procurement and contracting within the NGO Baltic Initiative on European Reform.

Encompassing the procurement of Goods, Services, and Works by the organisation, whether for the organization itself, third-party beneficiaries, or Implementing Partners, this policy is a go-to resource for all relevant office holders and employees within Baltic Initiative on European Reform. It provides clear direction in the areas of procurement and contracting, and additionally, defines the terms of reference for the Procurement Committee. This ensures that all procurement activities align with established principles and procedures, underscoring the organization's dedication to ethical and efficient procurement practices.

## **2. Focal Point**

The Executive Director and Deputy Director of Baltic Initiative on European Reform serve as the focal points for procurement and are entrusted with specific responsibilities, including:

- Monitoring the proper application of procurement policies throughout the organization.
- Regularly reviewing and updating the Procurement Policy.
- Ensuring consistency between this policy and the broader Procurement and Contracting Policy.
- Providing common interpretations and clarifications regarding the application of the policy.
- Offering assistance on related technical issues and providing procurement management support.
- Advising the organization on any necessary adjustments or revisions to the Procurement Policy.

In fulfilling these roles, the Executive Director and Deputy Director contribute to the effective and ethical implementation of procurement practices within Baltic Initiative on European Reform.

In the event of organizational growth, the option exists to appoint a dedicated financial manager to assume the responsibilities associated with Procurement and Contracting Management, thereby enhancing the efficiency and specialization of these critical functions.

### **3. Effective from Date and Applicability**

Effective from November 22, 2023, this Procurement Policy provides definitive instructions for procurement and contracting within Baltic Initiative on European Reform.

### **4. Scope**

#### **4.1. Inclusions**

The Procurement Policy of the NGO Baltic Initiative on European Reform regulates the procurement of Goods, Services, and Works for all officials, irrespective of funding sources. Staff within Executive Structures, comprising the Executive Director, Deputy Director, and employees, should be aware that procurement and contracting are influenced by additional policies. Notably, these policies include:

- **Code of Conduct:** This mandates all Baltic Initiative on European Reform staff to protect the organization's resources and act impartially.

#### **4.2. Exclusions**

The Procurement Policy does not extend to the selection of Implementing Partners (IPs). Nevertheless, in cases of procurements conducted on behalf of an IP or within the framework of project implementation, the Implementation Partner shall be consulted as part of the process.

### **5. General Provisions**

#### **5.1. Definitions**

Throughout the Procurement Policy, "procurement" encompasses the entire process of acquiring Goods, Services, or Works, encompassing competitive processes (such as the preparation of Bidding Documents, management of the bidding process, receipt, opening, examination, and evaluation of Bids, and post-qualification) or through sole-source contracting. "Contracting" includes all aspects related to the preparation, negotiation, and execution of contracts, as well as their management and administration.

In the context of this Procurement Policy, references to any Baltic Initiative on European Reform official are also considered to include their alternate or delegate, unless the context requires otherwise.

#### **5.2. Baltic Initiative on European Reform Procurement Principles and Ethics**

It is crucial that all transactions utilizing Baltic Initiative on European Reform resources adhere to the highest ethical standards, align with principles such as best value for money, fairness, integrity, non-discrimination, transparency, and effective competition, and are perceived as such by donors.

In accordance with these procurement principles and ethics, persons responsible for managing procurement and contracting processes must ensure that the organization's financial resources are committed in the most efficient manner, maintaining operational effectiveness.

### 5.3 Best value for money

The principle of best value for money underlies all Baltic Initiative on European Reform procurement. In practical terms, “best value for money” relates to the following four areas:

1. **Life-cycle costs:** When relevant, best value for money takes into account not only the purchase price of a Good but also the total direct and indirect costs relating to the acquisition, operation and disposal. By itself or in combination with environmental sustainability, this principle may therefore justify a procurement that is initially more expensive but promotes savings over a longer term.
2. **Best value for money** may include best business practices in supply chain management, such as establishing long-term relationships with private-sector companies and framework agreements. Consequently, collaborative procurement and/or contracts with other international organizations, companies, or Implementing Partners may be considered if they lead to volume discounts or provide added value.
3. **Contract award criteria** dictate that, in procurements **starting with 3000 EUR**, a contract should be awarded to the Bidder who submitted the lowest evaluated price among all substantially responsive Bids that were also deemed technically compliant. To ensure best value for money, office holders and employees at the NGO Baltic Initiative on European Reform must guarantee that each procurement:
  - a. Maximizes competition;
  - b. Adheres to Baltic Initiative on European Reform’s specifications;
  - c. Ensures that evaluation and contract-award criteria are proportionate and directly related to the type and nature of the procurement, respecting best value for money;
  - d. Best meets the requirements Baltic Initiative on European Reform.

### 5.3. Environmental Sustainability

The Baltic Initiative on European Reform acknowledges sustainable procurement as a process through which it fulfils its needs for Goods, Services, and Works in an ecologically sound manner. To a reasonable extent, Baltic Initiative on European Reform staff members are encouraged to prioritize sustainability in procurement by considering the aforementioned considerations.

### 5.4. Procurement and Contracting Management Policy

The Procurement and Contracting Management Policy offers detailed information and guidance on the processes of procurement and contracting.

## 6. Overall Responsibilities

### 6.1. Responsibility of Deputy Director

To sustain the described procurement procedures, the Deputy Director (or, in the event of hiring, Financial Manager) will ensure that for all key personnel involved in the approval process, one alternate is identified. Each alternate will assume full rights and responsibilities in their absence.

## **6.2. The Dual Approval System**

As a safeguard for the proper use of its financial resources, Baltic Initiative on European Reform applies a dual-approval system. For this purpose, Baltic Initiative on European Reform distinguishes between programmatic and administrative approval. Together, the programmatic and administrative approvals create a management decision, making the procurement of Goods, Services and Works as joint responsibility.

### **6.3. Programmatic approval**

Programmatic approval is carried out by the Executive Director or, under his or her delegated authority, by the Deputy Director or Financial Manager. Programmatic approval serves as certification that Goods, Services or Works are required for achieving a respective Program Objective or Output. For each project and for organisation's operational goals, the Executive Director or Deputy Director/ Financial Manager, when and as appropriate:

- initiates and approves the Purchase Requisition (PR) by determining, as appropriate, the Technical Specifications,
- Terms of Reference, Scope of Works or other details required to conduct the procurement;
- participates in evaluation and gives programmatic approval to its results and award recommendation;
- monitors the Contractor's performance and accepts or rejects Goods, Services or Works.

### **6.4. Administrative approval**

Administrative approval, as granted by the Deputy Director/ Financial Manager, serves as confirmation that the relevant action complies with the approved policy.

The Deputy Director/ Financial Manager is responsible for ensuring compliance with Procurement Policy and for the efficient use of NGO Baltic Initiative on European Reform resources. For each Program, the Deputy Director/ Financial Manager, when and as appropriate:

- approves the Purchase Requisition (PR);
- reviews the Technical Specifications, Terms of Reference or Scope of Works, as applicable, with the NGO Baltic Initiative on European Reform's procurement principles;
- approves the relevant contract, or any extension, continuation, amendment or early termination thereof;
- approves payment upon the acceptance of Goods, Services or Works by the Project Manager.

## **7. Contracting Approval Levels**

## 7.1. Contracting Awards

The following table establishes administrative approval authority for contract awards for the Executive Structure as defined periodically by the Executive Director. Department for Management and Administration and Finance: (a) Large Executive Structures; and (b) Small Executive Structures.

### *Administrative Approval Authority*

	<b>Large Executive Structure</b>	<b>Small Executive Structure</b>
Contract Value Level Low Value Contract < 2999 EUR	Deputy Director/ Financial Manager	Deputy Director/ Financial Manager
Medium Value Contract < 2999-10 000 EUR	Deputy Director/ Financial Manager  Executive Director	Deputy Director/ Financial Manager  Executive Director
High Value Contract < above 10 000 EUR	Procurement Committee (1 Board Member + 1 Advisory Council Member)  Executive Director	Procurement Committee  Executive Director

### 7.1.1. Procurement Procedures

The Executive Director and Deputy Director/ Financial Manager are responsible for the management of any and all Procurement Procedures. For all approved Purchase Requisitions, the Deputy Director/ Financial Manager shall select and use one of the following three Procurement Procedures:

<b>Procurement Procedure</b>	<b>Contract Value</b>	<b>Procurement Notice</b>	<b>Minimum Submission Period*</b>	<b>Award Approval Authority</b>
Direct Procurement	Low Value Contract <_ €2999	Not required	Not applicable	Deputy Director/ Financial Manager

Request for Quotation	Medium Value Contract _ €2999< _ _€ 10000	Required, at least 3 quotations required	3 working days	Deputy Director/ Financial Manager
Open Competitive Bidding	High Value Contract _ €10001	Required, open competitive bidding	15 working days	Executive Director

***\*Depending on the value and complexity of the contract, reasonable time shall always be allowed for bidders to prepare and submit responsive bids/quotations.***

Each Procurement Procedure shall in all material aspects follow the specific steps and rules outlined in the Procurement Policy.

For all types of procurement, the evaluation of bids/proposals/quotations (bids) shall be conducted in three progressive stages:

- 1) Administrative Examination
- 2) Technical Evaluation
- 3) Financial Evaluation.

Only the bids that pass the Administrative Examination shall be admitted to the Technical Evaluation, and only those that pass the Technical Evaluation shall be admitted for a Financial Evaluation.

In procurement of goods and works the bidder offering the lowest evaluated price among the bids substantially responsive to administrative and technical requirements shall be selected. The use of a point evaluation system is not allowed in procurement of goods and works.

In procurement of services, the evaluation methodology depends on the selection method used. The bidding document shall specify the selection method and the relevant evaluation methodology and criteria. The bidding documents for procurement of services shall specify either the “comply/fail” or “point system” methodology depending on the selection method used.

<b>Selection Method</b>	<b>Technical Evaluation Methodology</b>
	Point System or “Comply/Fail”
Quality and Cost Based Selection Method (QCBS)	Point System

In the case of “comply/fail,” the bidding documents shall clearly specify the minimum qualification, experience, capacity and other relevant requirements that the bidders are required to meet. In the

case of a “point system,” the bidding documents shall clearly specify the evaluation criteria, respective weightings and minimum technical qualifying score.

All evaluation criteria should be proportionate and relevant to the nature and complexity of the assignment.

**Least Cost Selection Method (LCS)**: This selection method shall be the preferred selection method for all procurement procedures conducted by Baltic Initiative on European Reform. The use of another selection method including Quality and Cost Based Selection Method (QCBS) shall be subject to prior review and approval by the Procurement Committee.

Bids securing less than the required minimum technical score or failing to comply with minimum requirements shall be rejected. Only bids which pass the Technical Evaluation shall be evaluated financially. The bidder whose bid has the lowest evaluated price shall then be selected, irrespective of its technical score.

**Quality and Cost Based Selection Method (QCBS)**: This selection method shall only be used where there are justifications as to why the Least Cost Selection Method (LCS) Method should not be used. Prior to launching any tender using the QCBS selection method, the bidding documents shall be sent in full to the Procurement Committee for review.

For each Point System the technical evaluation criteria and minimum qualifying score shall be established.

The relative weights for quality and cost shall be determined judiciously for each case depending on the nature of the assignment. This method requires a clear understanding and thorough calculation of how much additional cost the NGO Baltic Initiative on European Reform is willing to pay in exchange for a higher quality bid.

Bids securing less than the required minimum technical score shall be rejected, and bids which passed the Technical Evaluation shall be evaluated financially. The bid with the lowest evaluated price shall be given a financial score of 100 and other bids given financial scores that are inversely proportional to their prices.

The total weighted score shall be obtained by weighting the quality and cost scores and adding them. The bidder whose bid obtains the highest total weighted score shall be selected.

#### **7.1.2. Sole-Source Contracting**

Sole–Source Contracting is an exceptional measure which bypasses the open market. It excludes the element of competition from the procurement process and as such shall be utilised with great care.

The Deputy Director/ Financial Manager may resort to Sole-Source Contracting in the following instances:

- A monopoly exists within the market (e.g., in the case of a single provider of gas or electricity);



- A supplier has exclusive proprietary rights (e.g. a patent or the copyright of a software Program);
- For reasons of extreme urgency or emergency due to events that were not reasonably foreseeable or expected, the NGO Baltic Initiative on European Reform cannot complete another Procurement Procedure that would otherwise apply. However, this provision may not be invoked if the circumstances of the urgency are attributable to delays, poor planning or negligence on the part of the Project Manager.

For the provision of additional Goods, Services or Works of the same scope or technical specifications of a previously established contract provided that the additional requirements are:

- a) connected with the same project;
- b) were not reasonably foreseeable at the time of establishment of the original contract;
- c) to be awarded to the same contractor that was awarded the original contract;
- d) at price rates that are equal to or lower than those of the original contract;
- e) of a total value that is not greater than the value of the original contract; and
- f) identified within one year of the date of the original contract.

This condition shall apply only on a single occasion after issuance of the original contract.

Copies of signed Sole-Source Contracting Forms shall be submitted to the Archive on a monthly basis.

The application of Sole-Source Contracting shall not in any way relieve the Deputy Director /Financial Manager of his or her obligation:

- a) to play an active role in determining the terms of the contract, with particular attention to prices, delivery deadlines, quantities, technical characteristics and guarantees;
- b) to use the Baltic Initiative on European Reform templates;
- c) to ensure that the contracted price is not higher than the relevant market price; and
- d) to assess carefully the quality of the relevant Goods, Services or Works.

## **7.2. Management of Procurement Procedures**

The Deputy Director /Financial Manager is responsible for the management of all Procurement Procedures. Except in cases of Sole-Source Contracting, the Deputy Director /Financial Manager shall for any Procurement Procedure adhere to the following sequence of stages, which are further elaborated in the Procurement and Contracting Management Policy:

- 1) preparation of bidding documents;
- 2) bidding process;
- 3) evaluation;
- 4) contract award;
- 5) upon request, the debriefing of unsuccessful bidders; and
- 6) contract management.

Notwithstanding the fact that the Deputy Director /Financial Manager bears primary responsibility for ensuring compliance of the procurement process with the Procurement Committee, it is important that the Project Manager provides relevant input at the applicable stages.

### **7.2.1. Advertising**

Following final approval of the relevant Bidding Documents, the Procurement Notice shall be published on the official public Baltic Initiative on European Reform website in a format that is resistant to tampering and on Baltic Initiative on European Reform social media profiles, ensuring appropriate public dissemination of relevant information.

### **7.2.2. Signing of Contracts**

Unless otherwise authorized within the organization, only the Executive Director shall sign a contract. In the absence of the Executive Director, the Deputy Director is authorized to sign the contracts.

## **8. Baltic Initiative on European Reform Procurement Committee**

The Executive Director shall appoint a Procurement Committee in the Organization. The Procurement Committee shall consist of the following permanent members:

- Executive Director, who shall act as Chair,
- One member of the Advisory Council,
- Deputy Director /Financial Manager.

In the absence of the Executive Director the Procurement Committee shall be chaired by the Deputy Director. If possible one representative from the NGO Baltic Initiative on European Reform's office (Program Assistant) shall attend in a non-voting capacity.

The attendance of the Chair and two voting members shall constitute a quorum. A decision shall require the approval of all voting members present.

The Chair may, as necessary, invite technical specialists and representatives of Projects to participate as non-voting members in Procurement Committee proceedings.

## **9. Exception Reports**

The purpose of Procurement Policy is to ensure efficient, effective, non-discriminatory and transparent use of financial resources in the discharge of programmatic objectives, with due regard to the principles of best value for money and environmental sustainability.

Accordingly, this procedure shall be approved judiciously and only upon a compelling demonstration of necessity.

Copies of Exception Reports shall be submitted to Deputy Director /Financial Manager on a monthly basis.

The following is a non-exhaustive list of examples requiring issuance of an Exception Report:

- selection of a Contractor for Goods, Services or Works with a value \_ €2,500 without recourse to a Request for Quotation or open competitive bidding, whichever is applicable, and the use of Sole-Source Contracting for procurements,
- selection of a Contractor that is not the first ranked Bidder in a Request for Quotation or open competitive bidding, whichever is applicable;
- purchasing Goods or engaging Services without a formal written offer from the Contractor;
- issuance of a contract award by an incorrect authority, or execution of a contract in the absence of proper award authority; or
- a procurement or selection process managed solely by a project manager.