



## CIVICUS PROCUREMENT POLICY (EXTERNAL)

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## 1. Objectives

**CIVICUS upholds honesty, integrity and fairness in all aspects of its business and expects the same in its relationship with vendors. Consequently, the highest ethical standards shall be employed in all procurement transactions.**

CIVICUS may purchase; sell; donate; exchange; take on lease; hire or otherwise acquire or dispose of movable or immovable property or any right therein and improve any of its property or assets in such a manner as it deems fit, and shall regulate general procurement activities and related administrative matters in accordance with a procurement policy framework set out below.

The objectives of this policy are to ensure that the following principles are complied with through CIVICUS' procurement practices.

### 1.1. Value for Money

Procurement is fundamentally aimed at ensuring that CIVICUS achieves value for money. Value for money is defined as an assessment of the optimum combination of the total benefit to be gained from the potential contract assessed against its cost. The following critical factors must be considered in determining value for money:

- Right quality of product or service
- Right quantity of product or service
- Product or service supplied at the right time
- Product or service supplied at the right place
- Right price of product or service

As such neither the highest quality, nor the cheapest price is automatically the correct method to assess value for money. Benefits, costs and risks include money and non-monetary factors, and all other relevant factors should be assessed when evaluating any potential contract or purchase.

**Diversity** of service providers must also be a consideration, especially where difference between critical factors above is negligible or reasonable.

### 1.2. Competitive Tendering

Ensuring that multiple potential suppliers are being sourced and that those suppliers are aware of CIVICUS' commitment to open and fair competition, is an important method to ensure CIVICUS gets the best value for money options in all its procurement actions. To ensure competitive tendering results in an informed objective assessment, it is always necessary to conduct appropriate levels of research into the wider market information prior to and during any procurement action. Considerations must include diverse platforms with preference given to Global South preferred partners as advised by the available Preferred Supplier list (see [Annex 1](#) for more information on the Preferred Supplier process).

### 1.3. Donor Compliance

CIVICUS donor funding contracts will mostly defer to CIVICUS procurement policies and procedures. However, there may be some clauses which supersede, or inform rules within this procurement policy. All staff must be aware of specific conditions of any donor funding contracts that they are implementing, and ensure that any contradictions between the rules and regulations of donor's contractual requirements and CIVICUS' are referred to the COO/SG for clarity.

### 1.4. Transparency

The use of funds in relation to CIVICUS' activities must be conducted in an open and accountable manner. All information related to the procurement activities, procedures and opportunities should be evidenced and all documents made visible and accessible to all relevant stakeholders.

### **1.5. Fairness, Equity and Diversity**

The avoidance of bias and arbitrary choices, through objective decision-making, ensures that suppliers are all treated equitably and fairly throughout the procurement process. CIVICUS is committed to non-discriminatory practices in all its activities, and procurement decisions will not discriminate on the basis of ethnicity, sexual orientation, gender or other relevant personal attributes. No unfair obstacle will be created that unfairly restricts a supplier's ability to participate in CIVICUS' procurement. Diversity in hiring and decision-making is encouraged, with preference given to Global South preferred suppliers.

### **1.6. Proportionality**

Procurement procedures must be applied in proportion to the value of the contract being procured. In order to manage the risk of a procurement, higher value tenders may need more complex and time-consuming procedures, but conversely low value contract procurements will not be subjected to unnecessary costly administrative processes.

The proportionality concept should also be applied to ensure that value for money is received and the costs do not outweigh the benefits.

### **1.7. Confidentiality**

Information acquired while pursuing CIVICUS procurement policy and procedures will not be disclosed without due regard to the sensitivity of that information and the legitimate authority to do so. Generally, information pertaining to a supplier should not be shared with other suppliers. CIVICUS' Data Protection Policy should be referred to for more guidance.

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## **2. Exclusion from Participation in Procurement**

Suppliers may be excluded from participating in the CIVICUS procurement process if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered in arrangements with their creditors, have suspended their business activities, are subject of proceedings concerning those matters or are in any analogous situation arising from a similar procedure provided for in national legislation or regulation;
- b) they or persons having powers of representation decision making or control over them have been convicted of an offence concerning their professional conduct by a final judgement;
- c) they have been guilty of a grave professional misconduct proven by any means which CIVICUS can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established or with those of the country that the contract is performed; or
- e) they have not cleared the sanctions list check where required.

The above exclusions (with the exception of d) do not apply to the purchase of supplies on particularly advantageous terms from either a supplier which is definitely winding up its business activities, or the receivers or liquidators of a bankruptcy, through an arrangement with creditors or through a similar procedure under national law.

In addition, any supplier who is found to contravene any provisions under the CIVICUS' Conflict of Interest and Anti-bribery and anti-corruption policies will be disqualified from further participation in the CIVICUS procurement process, and/or further participation in upcoming procurement processes. Such supplier will be included on the CIVICUS Risk List.

Also excluded from the procurement process is costs for CIVICUS membership to professional organisations, or related subscriptions to such, as a comparative criterion cannot be applied. Such costs require a sanctions check against the organisation only as supporting documentation, with approval thereof by the budget holder taking place via the financial system. If approval cannot take place within the financial system as stipulated for any reason, prior written approval from the budget holder will be required as supporting documentation.

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### **3. Scope**

This policy covers CIVICUS' activities only in relation to goods and services for the purpose of its programme activities and operational needs. It does not apply to CIVICUS' activities in relation to staffing, investments, partnerships or grants for which other guidance is available. It also does not apply to CIVICUS travel (including flights, accommodation and so forth) which is covered separately via the CIVICUS travel policy.

This policy is relevant to all categories of staff in all CIVICUS locations, as well as agents and consultants acting on behalf of CIVICUS who have procurement and/or budget responsibilities. Where more stringent donor contractual rules and conditions apply, these will supersede this policy and the accompanying procedures.

The policy and accompanying procedures are designed to be comprehensive across all types of procurements and no special dispensation should be granted for individual departments to follow different procedures.

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### **4. Key Principles**

In all dealings with suppliers and potential suppliers, CIVICUS staff must preserve the highest standards of honesty, integrity, impartiality and objectivity. CIVICUS procurement must therefore pay due regard to CIVICUS' Conflict of Interest and Anti-Bribery and Anti-Corruption policies. Staff found to be contravening provisions of these policies will face penalties as outlined in the Staff Handbook.

All procurement activities must accord with the CIVICUS financial and relevant donor regulations, local tax laws and the approved transaction authorisation table.

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### **5. Sanctions checks**

Due to donor requirements and relevant US banking legislation, a sanctions check (on both the individual/ organisation/ company and the location of the bank account) is required for all procurement.

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### **6. Threshold Procedure**

In order to apply proportionate procedures to effectively manage the risk of each procurement, value thresholds are used to determine the type of procedure to follow based on the budgeted value of the contract.

The standard thresholds are noted below, along with the method of procurement to be used. The splitting of purchases into smaller units with the aim to avoid more restrictive or stringent procurement regulations (known as Contract Splitting) is considered a contravention of the CIVICUS policies and procedures.

## THRESHOLD TABLE

| #  | Threshold In USD    | Threshold In ZAR    | Procurement method | Approved By                    | Min. Days Advertised | Advertised   |
|----|---------------------|---------------------|--------------------|--------------------------------|----------------------|--|
| 1  | Up to \$50          | Up to ZAR1k         | Cash Purchase      | Project coordinator or similar | N/A                  | N/A  |
| 2  | \$51 - \$2,499      | ZAR1k- ZAR44,999    | Direct Purchase    | Project coordinator or similar | N/A                  | N/A  |
| 3  | \$2,500 - \$9,999   | ZAR45k- ZAR174,999  | Simple Procurement | Programme manager or similar   | N/A                  | N/A<br>Two quotes sourced                              |
| 4  | \$10,000 - \$24,999 | ZAR175k- ZAR449,999 | Simple Tender      | Senior member of management    | N/A                  | N/A<br>Three quotes sourced                            |
| 5* | \$25,000 - \$49,999 | ZAR450k- ZAR899,999 | Competitive Tender | Senior member of management    | 15                   | National media in country where project is carried out |

### NOTES:

- Apart from when using the cash purchase method of procurement, all other approvals must be obtained in advance of the contract/agreement being signed, start of the job and/or the commitment of CIVICUS funds.
- In cases where approval is required from more than one person, then approvals must be sought from everyone in advance.
- All approval must be given in writing.

## THRESHOLD DETAILS

### 6.1. Cash Purchase

- **Level 1: Total cost not exceeding \$50 or up to ZAR1,000**

#### 6.1.1 Method

The Cash Purchase method is used through the office's petty cash procedures, or a payment request upload that includes the relevant receipt or invoice.

#### 6.1.2 Process

At this level purchases should be made directly, obtaining receipts, but otherwise further procurement documentation is not required. Wherever possible, cash purchases should be made through preferred suppliers.

#### 6.1.3 Authorisation

This level requires approval from the project coordinator and allows for authorisation post procedure.

#### 6.1.4 Conflict of Interest

A conflict of interest occurs where a person's personal interests, affiliations or relationship prejudices impact on their impartiality, or might be perceived by a reasonable person as potentially prejudicing their impartiality. This includes situations where a project manager may have a personal relationship with a potential supplier. If this is the case for any pending level 1 procurement, the project manager must implement [level 3](#) procurement process instead, and disclose the detail of the conflict of interest on the procurement analysis form.

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### 6.2. Direct Purchase

- **Level 2: Cost between \$51 and \$2,499 / ZAR1,000 to ZAR44,999**

#### 6.2.1 Method

The Direct Purchase method should be used for this level.

#### 6.2.2 Process

The price of the goods or service should correspond with their present market value or lower. To confirm that the price corresponds with the market, an internet search may be carried out or the price should be compared with recent contracts for a similar procurement.

At this level, it is not mandated that multiple suppliers are contacted, and preference should be given to the pre-approved supplier listing. If there is any uncertainty on the ability to validate the value for money of the price quoted, then a simple tender process (see below) could be considered, in order to source external suppliers.

#### 6.2.3 Authorisation

The evaluation and decision can be evidenced on a copy of the quote itself. At this level, the procurement can be approved by the project coordinator.

#### 6.2.4 Conflict of Interest

A conflict of interest occurs where a person's personal interests, affiliations or relationship prejudices impact on their impartiality, or might be perceived by a reasonable person as potentially prejudicing their impartiality. This includes situations where a project manager may have a personal relationship with a potential supplier. If this is the case for any pending level 2 procurement, the project manager must implement [level 3](#) procurement process instead, and disclose the detail of the conflict of interest on the procurement analysis form.

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### 6.3. Simple Procurement

- **Level 3: Cost between \$2,500 and \$9,999/ ZAR45,000 to ZAR174,999**

#### 6.3.1 Method

The Simple Procurement method can be used for this level.

#### 6.3.2 Process

At this level, a minimum of two (2) suppliers should be contacted and quotes obtained. Preference should be given to the pre-approved suppliers listing, with external suppliers sourced if there are insufficient suppliers in the pre-approved listing. The evaluation and decision must be evidenced via a standard procurement analysis document.

#### 6.3.3 Authorisation

At this level, the procurement should be approved by a programme manager or similar.

#### 6.3.4 Partners and/or service providers using the procurement policy

For sub-grant partners or service providers who are applying this level to a procurement process in line with their external agreement requirements, a written decision can be submitted via email.

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### 6.4. Simple Tender

- **Level 4: Cost between \$10,000 and \$24,999/ ZAR175,000 to ZAR449,999**

#### 6.4.1 Method

The Simple Tender method should be used at this level.

#### 6.4.2 Process

Where the value of the procurement is at this level, a minimum of three (3) quotes or proposals should be obtained. These quotes can be obtained both from the pre-approved suppliers lists or from external sources. Quotes can be obtained directly from suppliers on request, via online sourcing by the project manager, and/or by advertising on the CIVICUS website.

The evaluation of the resulting quotations/proposals should be documented via a standard procurement analysis document.

#### 6.4.3 Authorisation

At this level, the procurement should be authorised by a senior member of management.

#### 6.4.4 Partners and/or service providers using the procurement policy

For sub-grant partners or service providers who are applying this level to a procurement process in line with their external agreement requirements, a written decision can be submitted via email.

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### 6.5. Competitive Tender

- **Level 5: Cost between \$25,000 and \$49,999/ ZAR450,000 to ZAR899,999**

#### 6.5.1 Method

The Competitive Tender method should be used for these procurement levels.

#### 6.5.2 Process

In competitive tenders, a Request for Proposal (RFP) or a Request for Quotation (RFQ) document should be drafted and shared with prospective suppliers. A reasonable deadline (minimum

15 days) should be set in the RFP/RFQ, and no quotation/proposal should be reviewed before this deadline.

**Procurements at both levels** should as a minimum be advertised in the national media in the country in which the project will be carried out (or globally, if the project will not be based in a specific country).

The application process and award criteria (including ranking or weighting thereof) must be published in the procurement notice or tender documents. Tenders received after the advertised closing date must be rejected, unless an extension has been communicated via necessary channels.

Following the initial evaluation (see below), it may be necessary to carry on face-to-face negotiations with shortlisted suppliers. This should be documented to justify the final decision to award.

A suitable **procurement analysis document** should be used to document all bids/proposals.

### **6.5.3 Evaluation and authorisation**

An **evaluation committee** should be formed **before the deadline closes** to evaluate the received bids/proposals and agree to a final decision. If there is no consensus in this committee, final decision should be taken to senior management for a vote. No conflict of interest should be present for any committee members.

At this level procurement should be authorised by a senior member of management.

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## **7. Sole Sourcing**

Sole Sourcing Procurement may be undertaken if the following conditions are met.

- If only one supplier is available and qualified to fulfil the requirement (note: the normal way to evidence this situation is through procurement procedures, so external evidence will be needed to support this situation).
- For the continuation of work that cannot be reproduced by another supplier.
- An unusual or compelling urgency exists related to security, regulatory or health and safety issues. Lack of planning is not justification for emergency procurement.
- Procurement of electricity, energy, gas and other utility where it is not practical to use another vendor.
- Where the donor's requirements might prevent a competitive process (rules on source/origin).

Where sole sourcing is used, a clear justification must be provided explaining why this method of procurement has been used. The complete form should be submitted to a senior member of management in advance of contracting for authorisation.

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## **8. General procedures**

1. Procurement requests should give detailed specifications of the items required AND account code to be charged.
2. Purchases should be planned in advance whenever possible to eliminate disproportionate raised costs on purchases.
3. In the event that the required quotations, as prescribed in the policy cannot be obtained,

reasons should be documented, and written approval sought from a senior member of management before awarding the procurement.

4. Quotations should be as specific as possible to allow comparison.
  5. For regular suppliers, copies of previous quotations can be used in order to minimise time, but these should not be more than three months old.
  6. Sanctions list checks must be done for all suppliers (individual or company) as indicated per threshold requirements in section 5 above.
  7. Documentation related to procurement must be archived for at least 7 years, with at least 5 years for non-winning tenders.
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