

GUIDELINE FOR THE PROCUREMENT OF GOODS, WORKS AND SERVICES

This Guideline for organization and conduct of the procurement of goods, works and services (the “**Guideline**”) is designed to ensure honest and ethical behaviour, compliance with applicable laws and regulations and good faith in relationship with customers, suppliers, other NGOs, partners and employees.

The Recipient is obliged to make procurements in accordance with the Code of Conduct for Recipients and the Code of Conduct for Suppliers, which are approved by the Donor - the Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”). The latest versions of these codes are available on the following links:

https://www.theglobalfund.org/media/6014/corporate_codeofconductforrecipients_policy_ru.pdf (Code of Conduct for Recipients in Russian)

https://www.theglobalfund.org/media/6011/corporate_codeofconductforrecipients_policy_en.pdf

(Code of Conduct for Recipients in English)

https://www.theglobalfund.org/media/3275/corporate_codeofconductforsuppliers_policy_en.pdf

(Code of Conduct for Suppliers in English)

It is mandatory for the Recipients to fulfil provisions of the Guideline during the entire period of the Project and the Sub-Grant Agreement (the “Agreement”).

The Recipients shall be guided by the following operational principles for the procurement of goods, works and services at the proper level:

- Procurements shall be transparent;
- The quantitative procurement indicator shall be based on the indicators of the approved project budget and (or) a reasonable assessment of actual needs;
- Procurements shall be based on competitive methods;
- The product quality shall comply with the requirements established by the laws of the country of the Recipient's residence, the requirements of the Global Fund and this Guideline;
- Products procured within the Project shall be delivered only as intended;
- Procurements (program and administrative) shall be carefully planned and the Recipient based on the results of such planning shall draft a procurement plan in the form given in Block B of this Annex to the Agreement.

The Guideline includes 3 blocks:

BLOCK A. Procedure for the procurement of goods, works and services;

BLOCK B. Procedure for the selection of work performers/service providers;

BLOCK C. Procurement plan and instructions for filling it out.

BLOCK A. PROCEDURE FOR THE PROCUREMENT OF GOODS, WORKS AND SERVICES

1. General provisions on the procurement procedure organization

- 1.1 The Recipient shall appoint responsible persons among its employees who will carry out procurements. A copy of the order on appointment of persons responsible for procurements, together with the procurement plan, is stored in the Recipient's organization. All decisions taken by persons responsible for procurements shall be duly documented.
- 1.2. The Recipient is strictly forbidden to split the amount of procurement of similar goods per a calendar year or the total cost of a service/type of activity per a calendar year within the approved budget in order to avoid procurement in accordance with the procedure for local procurement or competitive bidding.
- 1.3 The request for quotations or Announcements shall contain the following information:
 - Specification (technical requirements for the subject of procurement) - a detailed description of goods, works and services to be procured. It is not allowed to indicate a link to brand names, catalogue numbers, or similar classifications in the specification. Exceptions to this rule shall be agreed with the Organization prior to requesting quotations or publishing the announcement. The agreement by the Organization shall be based on the letter submitted by the Recipient (and supporting documents, if any), which shall contain sufficient arguments for the necessity of links to brand names. If it is necessary to give a brand name, or a model name, or a product number in the catalogue of a particular manufacturer in order to clarify incomplete specification otherwise, the words "or equivalent" shall be added after such link. The specification shall allow the acceptance of a proposal for goods with similar characteristics and provide results that are equivalent to or better than those required;
 - Qualification requirements for bidders (for example, the experience of the supplier on the market; material and financial capacity of the supplier; licenses, the supplier's permissions for implementation of the relevant type of activity, etc.). Such requirements should include the involvement of a wider range of bidders in the relevant procurement procedure. Exceptions to this rule shall be duly grounded.
- 1.4. Information on the possibility of determining the cost of goods, works and services during the procurement shall be presented in measure units which allow unequivocally to compare offers of potential bidders (kilograms, packs (quantity in a pack), liters, etc.). The decision on the procurement of goods, works and services shall be based on a clear and accurate description of the goods, works and services to be procured.
- 1.5. It is not allowed to take decisions on the procurement of goods, works, services from the supplier, which employees (or founders/bidders) are associated with other potential suppliers (service-subordinate, the same person occupies simultaneously positions in various potential suppliers; persons having material, family, friendly relationships, etc.). If a conflict of interest exists and is documented, such bidders shall be disqualified.
- 1.6. A reasonable amount (which is determined, for example, on the basis of comparison of price offers and market prices) shall be paid for procured goods, works, services.
- 1.7. The Recipient shall keep proper accounting records and documents of supply and use of procured goods, works, services, nature and volumes of offers from potential suppliers of goods, works, services, and grounds for entering into transactions and executing orders.
- 1.8. The Recipient shall keep all procurement documents at least 7 years after the date of the last payment made on the basis of the Sub-Grand Agreement.
- 1.9. If agreed by the Organization, the Recipient may use its own procurement procedures.

2. Selection of the Procurement Method

- 2.1. Agreements on the procurement of goods, works and services shall be concluded on a transparent and competitive basis. At the same time, the Recipient shall independently determine the procurement method depending on the cost of procurement according to the following rules:

The total cost of procurement of goods of the same type for a calendar year or the total cost of the approved budget item	Procurement method	The decision-making body for selecting the supplier
Up to USD 1000	The price analysis on the market without additional documenting	Person responsible for procurements
Form USD 1001 to USD 5,000	Local procurements	Local Procurement Committee (see clause 4)
USD 5,001 and more, as well as in cases stipulated by the special conditions of the Agreement	Competitive bidding (tender)	Procurement Approval Committee (see clause 5)

Procurement of goods, works or services may be carried out by the Recipient using an electronic procurement platform. Such procurement shall be carried out under procurement procedures using the electronic platform. Procedures of the selected electronic platform shall provide the basic procurement principles described in this Guideline. Processes that are not regulated by the electronic platform procedures shall be regulated by the procedures of this Guideline. In cases where the application of the procedures of this Guideline is impossible, the decision on further actions shall be agreed with the Organization.

3. The price analysis on the market without additional documenting

- 3.1 This method involves analysing market prices for the procurement of goods, works and services up to USD 1000 without obtaining additional price lists, invoices, etc. from potential suppliers. The use of this procurement method is within the competence of the Recipient's person responsible for procurements. According to this method, the Recipient's manager shall draft and endorse an official note. The Recipient's person responsible for procurements shall control the total cost of procurements of similar (analogue) goods, works and services carried out during the project year in order not to exceed the limit for this procurement method.

4. Local Procurements

- 4.1 Procurements for the amount of USD 1001 to USD 5,000 are based on a comparison of prices offered by several local suppliers. In order to ensure the competitiveness of prices, offers submitted by at least three suppliers shall be considered. Request for quotations shall be communicated to all potential bidders, which shall be provided at least 3 business days to prepare responses to such requests.
- 4.2 The Recipient shall send requests for quotations in writing or by e-mail to at least three potential suppliers.
Requests for quotations shall include the link to the Code of Conduct for Suppliers:

Requests for quotations shall clearly indicate the description and quantity of the required goods (scope and area of works and/or services), the estimated time and place of delivery (performance/provision), as well as information about the bidder, which includes, as a minimum: legal and business address, contact phone numbers, full name of a contact person, link to a web page (if any), etc. **The cost of goods, works, services (planned budget expenses) in the documents for the bidders shall not be indicated.** In response to requests for quotations, at least three quotations shall be received.

- 4.3 If the number of potential suppliers is less than 3 (three), such procurement is re-announced. The Recipient shall take appropriate measures to avoid receiving less than 3 (three) quotations. Such measures may include:
 - sending requests for quotations to the maximum number of potential suppliers;
 - placing a request for quotations on a website, in the media, etc.
- 4.4 The following types of quotations with the indication of groups of similar goods/works/services may be considered:
 - 4.4.1 invoices bearing the signature of a responsible person and the seal of an organization/ individual entrepreneur (if any);
 - 4.4.2. official letters of reply from organizations participating in local procurement with full information about the relevant product (scope and area of works and/or services) with the signature of a responsible person and the seal of an organization/ individual entrepreneur (if any);
 - 4.4.3 price lists from suppliers with full information about the relevant product (scope and area of works and/or services) with the signature of a responsible person and the seal of an organization/ individual entrepreneur (if any).
- 4.5 The quotations shall be accompanied by a complete set of documents confirming the legal status of the supplier.
- 4.6 The Local Procurement Committee is established by the order of the Recipient's manager. The Local Procurement Committee shall include at least 3 (three) persons who are members of the Project's working group (staff employees and persons cooperating with the Organization under civil-law contracts) of the Recipient. In cases where the members of the Project's working group of the Recipient are not enough to form the Committee, the Recipient may involve third parties who are required to meet the following requirements. The Committee members shall have sufficient competence, experience or knowledge on the subject of procurement and shall not have a conflict of interest. Decisions are made by the majority of votes of members of the Local Procurement Committee.
- 4.7 At the beginning of each meeting of the Local Procurement Committee, its members shall sign a Non-Conflict of Interest Statement.
- 4.8 Determination of the winner of this procurement procedure shall take place within 2 business days from the final date for receipt of quotations. The results of the procurement procedure shall be communicated to all bidders no later than 5 (five) calendar days from the date of the decision on the winner determination by sending the relevant notifications to all bidders of the local procurement by mail or e-mail.
- 4.9 The decision of the Local Procurement Committee shall be drawn up in the form of minutes signed by all members of the Committee.

5 Competitive Bidding (Tender)

- 5.1 Procurements for the amount of USD 5,001 and more are the basis for competitive bidding (tender).
- 5.2 The Recipient shall place competitive bidding announcements:

- 5.2.1 in the media, which may include local newspapers or web portals or local online bulletin boards or other web pages; or on the Recipient's website (the “**Media**”) and
- 5.2.2 send copies of the competitive bidding announcement in writing or by e-mail to at least 3 (three) potential suppliers.¹

The announcement shall clearly indicate the description and quantity of the necessary goods (scope and area of the works and/or services), the estimated time and place of delivery (performance/provision), address and deadline for submission of bids, as well as information about the bidder, which includes, as a minimum: legal and business address, full name of a manager and a contact person, phone number of a manager and a contact person, e-mail address of a manager and a contact person, link to a web page (if any), etc. **The cost of goods, works, services (planned budget expenses) in the documents for the bidders shall not be indicated.** The announcement shall include the link to the Code of Conduct for Suppliers:

https://www.theglobalfund.org/media/3275/corporate_codeofconductforsuppliers_policy_en.pdf The competitive bidding announcement shall be communicated to all potential bidders, which shall be given enough time to prepare the response to such an announcement.

- 5.3 There shall be at least 14 (fourteen) calendar days between the date of placement of the competitive bidding announcement in the media and the final date of receipt of tender bids indicated in the competitive bidding announcement. The tender/competitive documentation shall not be changed during the procurement process. In cases where there is a reasonable need, terms and conditions of the specification may be changed; changes may be made no later than one business day prior to the acceptance of Tender/Competitive Bids. In this case, information about the changes shall be sent to all Bidders who responded to the request for participation in the procurement procedure and posted on the website where the competitive bidding announcement was posted and the deadline for submitting Tender/Competitive Bids shall be extended by at least 5 business days. If a request for clarification of the announcement provisions is received from the potential suppliers no later than 3 (three) business days before the deadline for submission of tender bids, the Recipient shall provide appropriate explanations. Requested explanations shall be sent to all potential suppliers no later than the next business day and shall not contain the name of the potential supplier that has sent the corresponding request. Moreover, the requested clarifications shall be placed on the website where the competitive bidding announcement was posted. The Committee meeting and drafting of minutes on the selection of the supplier of goods/works/services shall occur on the day of opening tender bids (specified in the announcement) or within 5 (five) business days if the tender bids of the bidders require additional study and/or clarification. The results of the procurement procedure shall be communicated to all bidders no later than 5 (five) calendar days from the date of the decision on the successful bidder by sending the relevant notifications to all bidders of the competitive bidding (tender) by mail or e-mail.
- 5.4 The following types of bids can be considered: tender or commercial bids, official letters, proposals in the form, if such form was offered in the announcement (the “Tender bids”). Tender bids specifying the date, details of the supplier and resources of information can be received in any way (by courier mail or personally) in the appropriately designed envelopes before the deadline for submission of tender bids specified in the competitive bidding announcement. Tender bids received by e-mail shall not be considered. The date and time of receipt shall be indicated on each received tender bid. Prior to the procedure for opening tender bids, each tender bid in a sealed form is placed in a safe place.

¹ The Recipient shall keep postal documents confirming the sending of announcements to suppliers, or printed e-mails with the announcement sent to the suppliers.

- 5.5 The tender bids shall be accompanied by a complete set of documents confirming the legal status of the supplier.
- 5.6 In order for the competitive bidding procedure to take place, the Recipient must receive at least 3 (three) tender bids. If the number of potential suppliers is less than 3 (three), such procurement is re-announced. If for some reason it is impossible to receive 3 (three) tender bids, the grounds for this should be duly documented in the form of an official note endorsed by the Recipient's manager.
- 5.7 The Procurement Approval Committee is established by the order of the Recipient's manager. The Procurement Approval Committee shall include at least 4 (four) persons, with the mandatory inclusion in the Procurement Approval Committee of 1 (one) representative of the partner organizations having experience in the subject area of the respective tender. At least 3 (three) members shall be present at the meeting of the Procurement Approval Committee for a quorum. In cases where the members of the project's working group of the Recipient (staff employees and persons cooperating with the Organization under civil-law contracts) are not enough to form the Committee, the Recipient may involve third parties who are required to meet the following requirements. The Committee members shall have sufficient competence, experience or knowledge on the subject of procurement and shall not have a conflict of interest. The decision of the Procurement Approval Committee is made by a majority vote of the members present.
- 5.8 At the beginning of each meeting of the Procurement Approval Committee, its members shall sign a Non-Conflict of Interest Statement.
- 5.9 The results of competitive bidding shall be drawn up in the form of minutes.

6. Conflict of interests

- 6.1 The Recipient shall not involve interested representatives of the Recipient and related persons (service-subordinate persons, persons having material, family, friendly relationships, etc.) in the process of consideration of quotations and tender bids.
- 6.2 Persons responsible for procurements of the Recipient, members of the Local Procurement Committee or the Procurement Approval Committee and any other employee of the Recipient shall be strictly prohibited:
 - 6.2.1 to participate in the selection, conclusion or execution of procurement agreements and use of funds or other benefits at the expense of funds of the grand wherein this person, members of their family or business partners or organizations that are controlled or participated in by this person has or have financial interests;
 - 6.2.2. to be engaged in operations involving organizations or parties with which this person is negotiating or has any arrangements for future employment;
 - 6.2.3 to demand monetary rewards, privileges or gifts from suppliers of goods (works, services) or potential suppliers;
 - 6.2.4. to distort or conceal facts in order to influence the Recipient's procurement process or execution of this Agreement;
 - 6.2.5 to participate in schemes or arrangements with two or more bidders of the procurement procedure, developed to establish artificial, non-competitive prices.
- 6.3 If the Recipient's person responsible for procurements or a members of the Local Procurement Committee or the Procurement Approval Committee or any other employee of the Recipient is potentially financially or otherwise interested in obtaining an advantage in the procurement procedure by one of the bidders (the “**Conflict of Interest**”), such person shall immediately inform the Recipient's manager thereof. If the Conflict of Interest is material in the opinion of the Recipient's manager or members of the Local Procurement Committee or the Procurement Approval Committee, the Recipient's manager shall promptly exclude such person from participating in the relevant procurement procedure and inform the Organization thereof.

BLOCK B. Procedure for the selection of work performers/service providers

Work performers or service providers mean individuals or individual entrepreneurs who are involved in cases where it is necessary to obtain services or works of a temporary nature (when the involvement of an expert on an ongoing basis is unreasonable) or required works or services contain signs of intellectual, consulting activity. In exceptional cases, legal entities may be performers of works or providers of services.

For the organization and conduct of the procurement, the Recipient's work performers and service providers shall use the following principles:

- Transparency,
- Honesty,
- Fairness,
- Impartiality,
- Accountability.

Method of the selection of work performers or service providers

Table 1.

Selection method	Documents to be prepared by the bidder *
Competitive selection (tender)	Resume/CV, information about the bidder's payment rates, documents confirming qualifications, reference letters/support letters, etc.
Direct agreement execution	Resume/CV, information about payment rates, other documents that can be provided in each case individually

* The Organization, at its own discretion, selects documents that must be prepared and submitted by the bidder

Competitive Selection (Tender)

Stages of the selection of work performers and service providers

Announcement posting

1. The person responsible for the selection of work performers and service providers shall prepare a competitive bidding announcement. The announcement is prepared on the company's letterhead. This announcement shall contain the following information:
 - name of the organization and project under which the services or works of the consultant are procured;
 - list of works or services to be provided by the performer/provider;
 - deadline for the performance of work or the provision of services (this deadline shall be indicated in the agreement);
 - terms of payment;
 - requirements for bidders;
 - evaluation criteria;
 - list of documents to be sent by the bidder to consider its competitive bid;
 - email address and/or the business address of the organization to send bids;
 - deadline for submission of bids and timing of consideration and approval of the successful bidder, as well as timing of notification of the successful bidder and other bidders of the tender results.
- The person responsible for the selection of work performers and service providers shall take all possible measures to maximize the publicity of information about the tender among potential bidders in the media. As far as possible, the announcement of the tender shall be placed on at least two Internet resources, including the

organization's website (or the organization's Facebook page), and the addressed mailing shall be carried out.

The media may include, in particular, the following (but not limited to):

- E-mailing to partner organizations;
- Local/national media;
- International media;
- Specialized newsletters, messengers, etc.;
- Other media that may be used from time to time.

The cost of procurement of work performers and service providers **shall not be indicated** in the announcement.

The announcement may contain a sample agreement to be signed with the successful bidder.

Competitive Bids Acceptance

The deadline for submission of bids is at least 5 (five) business days from the date of placing the announcement.

The tender is considered to be valid if at least two bids meeting the requirements of the announcement have been received.

If no bid is submitted for the tender or the number of bids is less than two, the tender shall last for at least 5 business days more with all necessary changes made to the announcement and the updated information sent to all potential bidders. This information shall also be updated in the media where the announcement has been posted. If according to the results of the continuation of the tender, the number of bidders is less than two, it is possible to attract the work performer/service provider by the method of "Direct Agreement Execution".

Clarification of the Tender Documents

The bidder has the right to submit a request for clarification of the tender documents. The person responsible for procurements shall prepare and send a response to the bidder. If the provided response changes or complements the information in the announcement, the modified announcement shall be sent for review to all potential bidders to whom the invitation to bid in the tender has been sent, and it is necessary to update the information on all the resources where it has been placed. The response is given in writing, including an e-mail format for any such request received no later than 2 (two) business days before the expiration of the deadline for submission of bids.

Determination of the Successful Bidder

Consideration of bids shall be made by the Successful Bidder Approval Committee (the Committee) within 2 (two) business days after the expiration of the deadline for submission of bids.

Bidders shall not be present when the decision on the successful bidder is taken.

Minutes shall be drafted upon the results of each meeting of the Committee. The Committee is established by the order of the Recipient's manager. The Committee shall include at least 3 (three) persons who are members of the Project's working group (staff employees and persons cooperating with the Organization under civil-law contracts) of the Recipient. In cases where the members of the Project's working group of the Recipient are not enough to form the Committee, the Recipient may involve third parties who shall have sufficient competence, experience or knowledge on the subject of procurement and shall not have a conflict of interest.

The decisions is made by the majority of votes of members of the Committee. In case of an equality of votes, the chairman of the Committee shall have a casting vote.

The task of the Successful Bidder Approval Committee:

- familiarization of all bidders with the tender bids, including familiarization with additional supporting documents that are listed in : Table 1 (resume/CV, reference letters, support letters, information on rates of payment, documents confirming qualifications);
- deciding on the disqualification of bids that do not meet the requirements of the announcement;
- evaluation of bids according to the criteria for evaluation and determination of the successful bidder.

Conflict of Interest and Confidentiality

Any person who does not have a conflict of interest in accordance with the definitions of the conflict of interest clause may be a member of the Committee. If there is a conflict of interest, the person shall be prevented from participating in the Committee as a member with the right to vote.

At the beginning of each meeting of the Committee, its members shall sign a Non-Conflict of Interest Statement.

Members of the Committee shall not be entitled to disclose information known to them (in particular regarding the content of bids and other tender documents, as well as discussions, positions, and opinions of members of the Committee) either before the Committee's work commencement or after its completion.

Direct Agreement Execution

This method is applied in the following cases:

a task is similar to the previous task, or it is a continuation of the previous task, it has already been performed by a service provider or a work performer in the past, and there are reasonable grounds to believe that this task will be performed qualitatively, timely and with similar economic efficiency than in the case of competitive selection. In this case, single prices cannot exceed the previous cost by more than 10% in the currency of the agreement in case of the need to involve a work performer or a service provider urgently when holding a tender will lead to disruption of program activities, promotions, etc.;

- a task can be performed by an individual who has proven exceptional experience that is important for successful performance;
- in conditions of a limited market, in cases where a work performer or a service provider has exclusive rights, licenses, permits, other restrictive documents, that is, in cases where the procurement on a competitive basis is unreasonable;
- in the case where the procedure for selection of consultants "Competitive selection (tender)" has not taken place twice.

If it is necessary to make a decision on concluding an agreement by means of a direct agreement, such a decision shall be made and approved by CO "100% LIFE" .

The relevant experts of CO "100% LIFE" shall within 5 business days review the submitted documents and notify in writing about the tender results.

Documents to be submitted to CO "100% LIFE" for the consideration of bidders under the method of "Direct Agreement Execution":

- a letter with a detailed justification of the need to involve this consultant in the framework of the project. The letter shall also specify the services/works regarding which the consultant is involved, educational requirements, other requirements for necessary skills and knowledge, timing of the service provision/work performance, cost of services/works;
- The letter shall specify the case a) - e), according to which it is proposed to use the method of "Direct Agreement Execution" and approve a service provider/work performer;
- CV of a potential work performer or service provider;
- documents confirming qualifications (on request).

If the value of the contract is more than 20,000 US dollars, including taxes and fees, for the calendar / project year in total for all projects funded by CO "100% LIFE", the decision on approval of the service provider / contractor will be submitted by the Board of Directors CO "100% LIFE". Substantiation of the need to involve a consultant is provided for consideration by the Board of Directors, which includes, but is not limited:

- Consultant activity plan,
- Expected benefits / products that will be obtained as a result of the consultant's activities and their relevance to the goals and objectives of the Recipient,
- Evidence of the validity such as a rate (for example, contracts with other employees, selection protocol where other participants have the same rates, information on rates and service in other companies / organizations, etc.),
- The results of previous experience of the relationship (if any).

The contract with the winner of the competition can be signed after the approval of the results of the CO "100% LIFE".

Remuneration of the consultant, the rate of which required the approval of the Board of Directors, is made after assessing the quality of services provided or work performed and documentation approved by responsible program specialists.

During the monitoring visits, program and financial specialists may selectively check the competitions for the selection of contractors and service providers for compliance with the requirements of the Guideline.

BLOCK C. PROCUREMENT PLAN AND INSTRUCTIONS FOR FILLING IT OUT

1. The procurement plan is filled out by the Recipient after the budget and work plan have been agreed upon. The procurement plan has a tabular form:

Subject of procurement	Expected cost of the subject of the procurement, USD	Procurement procedure	Approximate start of the procurement procedure	Full name of responsible persons	Notes
1	2	3	4	5	6

2. The procurement plan is made for all procurements planned for the calendar year.
3. Column 1 indicates name of subject of procurement, determined in accordance with the approved budget.
4. Column 2 indicates the expected cost of subject of procurement (in figures).
5. Column 3 indicates the procurement procedure to be carried out: the price analysis on the market without additional documenting (the procurement cost is up to USD 1000), local procurement (the procurement cost is USD 1001 to USD 5,000), competitive bidding (tender) (the procurement cost is USD 5,001 and more).
6. Column 4 indicates the month of the year (for example, March 2022) when the person responsible for procurements within the Recipient's organization plans to start the corresponding procurement procedure.
7. Column 5 indicates the last name, first name and patronymic of the official/officials who is (are) responsible for preparation of procurement documents.
8. The filled out procurement plan is signed by the person(s) responsible for procurements and is approved in the upper right corner by the manager of the Recipient's organization.
9. Changes to the procurement plan may be made as a result of changes made to the project budget. Based on the letter of reallocation signed by the respective financial and programmatic grant management experts, changes are made to the procurement plan and are agreed by the procurement management expert.