



MSF OCB PROCUREMENT POLICY

FINAL

1. POLICY OBJECTIVES AND SCOPE

To meet its beneficiaries' needs, and ensure the effective running of its projects and support services at the headquarters, MSF OCB procures goods, works and services from suppliers.

The objective of this document is to list the key guiding principles for MSF OCB procurement to ensure, in adherence with its mandate, the **timely acquisition of the right quality of goods, works and services**, whilst addressing:

- ✓ Economy and effectiveness;
- ✓ The transparency and accountability of the process;
- ✓ A strict adherence to legal requirements, and the necessary MSF commitment to ethical sourcing standards; and
- ✓ The proper management of risks that may threaten the supply chain or the wider organization.

Detailed methodologies on how to perform these purchases are covered in the relevant procedures referred to in section 3 of this document.

This Procurement Policy covers **all MSF OCB purchases performed on the field, at MSF Supply, and at the headquarters in Brussels** (with the ambition to extend it to the OCB Partner Sections in the near future). It applies to all MSF employees in any situation where they are involved in the “purchase to pay” process, whether as requisitioners or specifiers, purchasers or negotiators, or those who validate or authorise payment. The procurement scope covers all procurement activities including goods (and services related to the lifecycle of goods), rental/leasing, services, and subcontracting works.

Please note that in case of emergencies, tradeoffs have to be made in these guiding principles in order to ensure availability of the goods, works and services as per the requirements of the mission.

2. GUIDING PRINCIPLES

Procurement approach

Procurement is a specific expertise, requiring methodologies and best practices, which aim to develop a comprehensive understanding of the demand and the market, in order to implement a procurement strategy and ensure a structured approach with the suppliers. A procurement strategy therefore includes the definition and planning of actions such as product and services segmentation, call for tenders, negotiations, contracting, and supplier follow up.

Procurement is a teamwork approach, with at its core a duo of purchaser / technical expert linking with the requester from the start of the process¹, and seeking support from other functions such as supply chain, legal, and finance.

Quality & Expression of needs

The employee responsible for procurement must guarantee compliance of the product or the service with the specifications defined by the requester, who has the responsibility to formalise its needs in the clearest and most comprehensive manner, taking into account existing MSF standards as per the ITC guidelines. The role of the purchaser is also to challenge the demand to obtain this effective expression of needs.

The demand and sourcing should respect the quality standards as specified by the MSF technical departments, whose experts should be called for support as required.

The quality of medical items being the uttermost priority for MSF OCB, all critical medical purchases (e.g. drugs, sterile items, and specialised food) must be performed through MSF Supply

¹ In some instances the requester and the technical expert can be the same person

from sources validated according to the relevant Quality Assurance procedures. In case of specific constraints (e.g. importation constraints, unavoidable stock rupture), local procurement might be exceptionally allowed on sources validated by the OCB pharmacists.² Sourcing for other items must be done according to the relevant guidelines provided by the medical and logistical departments.

Quality requirements should be focused on the necessary criteria and their adequate levels to satisfactorily meet the needs. As much as possible, the aim should be to avoid restricting the number of potential sources available to purchase from.

Supplier service reliability

Procurement should aim to minimise the risks resulting from the non-performance or poor performance of a supplier or contractor. Buyers therefore must look to secure a reliable quality of service (availability of products/services, delivery lead time, compliance of quality through repetitive purchase, quality of information).

For significant purchases (value or criticality for operations), appraisal checks such as (but not limited too) financial viability, supplier reference, or operations capacity should be performed, and the formalisation of Service Level Agreements (SLAs) is encouraged. For works and services, the payment schedule should be set to keep the supplier incentivised throughout the contract.

In all cases, thorough follow up of orders and reception checks should be performed, and supplier service monitored and reviewed to both ensure the respect of the contract terms during its duration, and support the evaluation of the supplier for performance improvement.

Economic effectiveness

MSF spends a considerable portion of its revenues on bought-in goods and services, and procuring such goods and services in the most economically effective manner is, subject to the other requirements and criteria outlined in the document, the central role of the procurement function. In carrying out this role, all those involved in procurement will:

- ✓ Ensure that the desired outcome is that of greatest value gained at lowest total cost.
- ✓ The total cost will as appropriate take into account the full anticipated life-cycle costs of the goods or services (Total Cost of Ownership), including such factors as maintenance, servicing, reliability costs, and costs of ultimate disposal where MSF may be responsible for them
- ✓ The selection process will be as competitive as possible, with a systematic and regular competitive market consultation.

Moreover, those responsible for procurement will take care not to reduce or eliminate competitive development within the supply base, ensuring that MSF does not lose the ability to have alternative solutions, nor to adapt to new market dynamics.

The decision to perform a purchase locally regionally or internationally is based on the best fit to meet quality availability and costs criteria (except for medical product to be mandatorily purchased internationally - see above).

Accountability & Transparency

To ensure that throughout the process the adequate validations are performed and that fraud risks are minimised, MSF will maintain systems, whether manual or electronic, that will, record:

- ✓ The originator and validation of the requirement
- ✓ The methods adopted in accordance with the procedures below, (or any variation from Procedure, with reasons) to procure the requirement, with all relevant documentation (for

² Please refer to the MSF Policy for the procurement of medicines (2008)

example Requests for Quotation, Tender documents and so on) and the reasons for decisions made

- ✓ The compliance of the goods or service, and of the supplier or contractor, with the requirement as specified in the contract or other agreement
- ✓ All actions taken to remedy any defect as recorded above; and the results
- ✓ The route by which payment was authorised, and when, to whom and in what sum any payment(s) are made.

Depending on the purchase levels, the right signatories should validate the supplier selection as well as the contracts, and then the purchase orders.

Please note that purchase levels should not be a substitute for internal controls, and the adequate balance must be found to ensure the right level of accountability but without being too restrictive.

There is an obligation to ensure the auditability of these records (documentation and archiving), according to the relevant country's legal constraints.

Moreover, in the process, segregation of duties should be guaranteed between supplier selection and ordering, goods receipts, and invoice payment.

Finally, the selection process should be as open and as transparent as possible, and for significant purchases we encourage the use of selection committees.

Legality

Procurement activities will fully respect and comply with (when relevant):

- All applicable Belgium laws and regulations.
- All applicable European Union laws, directives and regulations (including those governing Public Procurement, where relevant)
- The relevant laws, regulations and so on of other territories in which MSF operates, to which we supply, or from which we source

MSF is committed to the fair and effective application of laws and regulations. There is therefore a positive duty on its members to report and refer any and all reasonably founded suspicions of illegal activity (for example, attempts at corruption, evidence of anti-competitive or cartel-like activity, breaches of employment or environment ...)

Ethical standards

Responsible sourcing

Whilst the humanitarian imperative is paramount, therefore putting the priority on the above principles, MSF is also committed to responsible sourcing. To this intent it will, within the realm of possibility monitor the risks of its supplier base related to social and environmental issues, and in the supplier selection process ensure that the supplier commits to the minimum ethical standards.

MSF therefore requires that the supplier (and each of its employees, sub-contractors and agents), whilst undertaking activities associated with MSF, respect the principles of MSF's Charter, and that it warrants in all its activities that:

- It is not and has not been involved in illegal commercial activities ;
- It has not participated in any collusive, corrupt or illegal behaviour together with other tenderers or used bribery to its advantage;
- Its employees enjoy satisfactory working conditions in accordance with international labour standards issued by the International Labour Organisation; and
- It does not employ children or is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child.

Economic impact



Additional considerations should also be given to the impact on local populations for field purchases. The act of procurement can indeed have a positive and negative economic effect on local economies, and the choice of procuring goods locally should therefore be carefully thought not to destabilise fragile markets, nor reinforce inequalities and market distortions.

Conflict of interest

MSF staff involved in procurement should sign and follow the MSF code of conduct, and should ensure that they never expose themselves to a conflict of interests, nor use the procurement process for personal gain.