



Procurement Policy

**INTERNATIONAL COTTON
ADVISORY COMMITTEE**

ICAC PROCUREMENT POLICY

1. Preface

The Procurement Policy details the International Cotton Advisory Committee (ICAC)'s procurement procedures and processes and provides further guidance for carrying out related activities.

This document is derived from – and builds upon – prior ICAC Procurement Policy, the United Nations Procurement Manual (available online at <https://www.un.org/Depts/ptd/about-us/procurement-manual>), and the US Federal Acquisition Regulations (FAR) (<https://www.acquisition.gov/browse/index/far>). As needed, these documents can be used as background for ICAC reference.

To accommodate ICAC's small size, these procedures used by United Nations and the United States have been simplified and streamlined to suit the organization while staying true to sound procurement principles and practices.

2. Ethical Standards

Staff members must demonstrate the highest standards of efficiency, competence, and integrity. Integrity includes, but is not limited to, probity, impartiality, fairness, honesty, and truthfulness in all matters affecting their work and status. ICAC staff members should refrain from any action which might adversely reflect on their status as international civil servants responsible only to the Organization or on the integrity, independence, and impartiality that are required by that status.

All staff members must observe the highest ethical standards throughout the procurement process. The process must allow all bidders to compete on an equal and transparent basis. All staff members associated with the acquisition process are responsible for protecting the integrity and fairness of the process. Staff must mitigate the risks of conflicts of interest, fraud, and corrupt practices at all stages of the acquisition process.

During the pre-solicitation phase, staff members involved in the acquisition process must not allow bidders access to specific, privileged information of a technical, financial, or other nature, before it is publicly available to the business community at large. In the preparation of solicitation documents, such as the Statement of Work, staff members should avoid restrictive specifications that may discourage competition. Staff members may not disclose proprietary and source selection information, directly or indirectly, to any individual who is not authorized to receive such information at any time prior to or after the selection and contracting process.

Proper standards of conduct must be enforced during emergency situations, where the pressure to achieve rapid results may increase the risks of actual or possible conflicts of interest, fraud, or corruption.

3. Procurement Principles

All purchases made by ICAC should be carried out in a manner that meets the fiduciary responsibility of ICAC with the purpose of supporting the organization's Mission. Source selection and purchase decisions must be free from a conflict of interest and performed without discrimination toward the parties involved.

As a steward of the funds entrusted to ICAC by the Member States, it is best practice to use a Best Value

for Money (BVM) approach in procuring goods and services when possible. It must do so, and be seen to be doing so, with fairness, integrity, and transparency that encourages effective international competition and advances the interests of ICAC. Staff members are expected to comply with these procurement principles in performing their work with a high level of care and professionalism.

4. Best Value for Money

“Best Value for Money” shall be understood as the optimization of the total cost of ownership and quality needed to meet ICAC’s requirements, while taking into consideration potential risk factors and resources available. While the Best Value for Money solution may not necessarily offer the lowest cost in source selection, it is the preferred approach when possible.

In considering trade-offs, either cost or price could play a dominant role in source selection when the requirement is clearly definable, and the risk of unsuccessful contract performance is minimal. However, more complicated and difficult to define work with greater performance risk, will likely require a higher weighting of technical or past performance considerations during source selection.

To obtain Best Value for Money, procurements should include these elements:

- a. Strive to maximize competition, most often through full and open processes that involve at least three bidders.
- b. Conduct the procurement after a sound planning process and pursuant to clear specifications listed in a Statement of Work.
- c. Clearly establish the evaluation criteria prior to the issuance of the solicitation document to select the offer to meet needs as outlined in the evaluation parameters listed in the solicitation documents.
- d. Ensure that all costs are considered within the total cost of ownership, including transportation, installation, operation, regulatory, maintenance, and disposal costs.
- e. Ensure that benefits are optimized for ICAC, and financial and operational risks and any other adverse impacts are minimized in a cost-effective manner.
- f. Ensure impartial and comprehensive evaluation of offers, in a timely manner and in accordance with the pre-established criteria and free of conflict of interest.

5. Other Procurement Modalities

When Best Value for Money procurements do not serve ICAC most effectively, the procurer must write to the Executive Director for approval, explaining the choice to use other procurement approaches.

These other procurement approaches can also include:

- a. Shopping for off-the-shelf or standard specification goods or services. These are generally awarded on a lowest-priced, technically acceptable offer basis. This is appropriate when best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price.
- b. Sole source agreements with other Public International Organizations (PIO). ICAC is a PIO, which are typically organizations composed of multiple member states. Other PIOs include the United Nations, World Bank, World Trade Organization, International Trade Center, CGIAR, International Commodity Bodies, and other International Organizations. As a result of their intergovernmental composition, PIOs are not generally subject to national laws or business standards. An updated list is located at: https://www.usaid.gov/sites/default/files/2023-12/308maa_122623.pdf
- c. Sole source procurements with other than PIOs can occur in those rare situations where the goods/services are only obtainable through one source with unique capabilities that meets ICAC requirements. Every effort should be made to modify the procurement requirements such that sole source procurements occur rarely. A sole source procurement must be justified by the procurer in a memo to the Executive Director for

approval.

- d. A broad public announcement that is general in nature identifying areas of interest and collaboration, including criteria for selecting proposals, and soliciting the participation of all offerors capable of satisfying ICAC needs in a clearly defined area.
- e. Oral presentations by offerors or verbal presentations as requested by ICAC may substitute for, or augment, written information. This can be effective in streamlining the source selection process.
- f. A limited bidding pool for situations where three quotes cannot be obtained. In these cases, the procurer should attach an explanation to the proposed contract that adequately describes the quote so that it can be substantiated if required. This option should only be considered after attempts to expand the bidding pool have been unsuccessful and attempts to reassess the need for the product/service and change the defined procurement requirements could not be modified to enable three quotes to be obtained.

6. De Minimis

De minimis is a legal principle that allows matters of insufficient importance or small scale to be exempted from a rule or requirement. To facilitate timely and efficient procurements, the Executive Director in agreement with ICAC staff can waive full implementation of these policies surrounding purchases of goods or services whose total costs do not exceed \$5,000. Under no circumstances should any larger procurement be split into smaller components to total less than \$5,000 each to allow them to fit into this exception.

7. Contract Types

ICAC contracts are a matter for negotiation and require the exercise of sound judgment. Negotiating the contract type and negotiating prices are closely related and should be considered together. The objective is to negotiate a contract type and price that will result in reasonable contractor risk and provide the contractor with the greatest incentive for effective, efficient, and economical performance. Most contracts may include these types:

- a. A firm-fixed-price contract provides for a price that is not subject to any adjustment based on the contractor's cost experience in fulfilling the contract. Contracts that pay for a well-defined result or a deliverable fit into this category. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss.
- b. Time-and-materials contracts may be used only when it is not possible at contract signature to estimate accurately the extent or duration of the work (aka "level of effort") or to anticipate costs with any reasonable degree of confidence. Since these are billed based on effort rather than results, this contract type places upon ICAC maximum risk and full responsibility for costs.
- c. Indefinite-delivery contracts may be used to acquire supplies and/or services when the exact times and/or exact quantities of future deliveries are not known at the time of contract award.

Other contract types may be used, as appropriate. These may include broader agreements between ICAC and other organizations, especially with other PIOs.

8. Contract Signature & Execution

The ICAC employee (procurer) who has a need for goods or services whose total costs exceed \$5,000 must do the following before purchasing the goods or services:

- a. Obtain three written quotes for the goods/services under the Best Value for Money principle or justify an exception as noted above.

- b. Engage in a technical and price-appropriateness discussion within ICAC related to the proposed contracting action consistent with the principles of this Procurement Policy.
- c. Receive and review the contract before any purchase/commitment of ICAC funds.
- d. Engage in any further clarifying discussions with the offerer(s), if needed.
- e. Obtain the contracting entity's signature.
- f. Obtain the Executive Director's signature.
- g. As contract conditions are met, generate a purchase order for approval by the ICAC Accountant or equivalent for payment. Invoices will not be paid until all documentation has been properly submitted, including a statement by the ICAC technical lead that the work has been done in a satisfactory way according to the terms of the contract.
- h. Payments to contractors should be made within seven days of invoice receipt when performance has been deemed satisfactory.
- i. There is no requirement to automatically recompetes contracts unless they have expired, requirements have changed, and/or performance is unsatisfactory.

The Executive Director may delegate authority in writing to another ICAC staff member to approve any purchase order, memo, sole source, and/or justification in his/her absence.

9. Purchase Order Approvals

Upon receipt of a properly completed and approved purchase order, the procurer can approve the invoice when received for payment regardless of the dollar amount if the invoice agrees with the purchase order amount as approved. Invoices will not be paid until the purchasers certify that contract conditions are met and that all goods or services have been received and are of a satisfactory standard.

If the invoice is greater than the original approved purchase order but less than 110 percent of the approved purchase order, then the invoice will need to be approved by the Executive Director but will not require any additional justification. The approvals received for the original purchase order are not valid for the invoice.

If the invoice exceeds the approved purchase order by more than 10 percent, then the original purchase order is invalid. The Purchase Order approval procedure must be started over, but the new purchase order must be headed "REVISED". A memo must be attached justifying the excess costs and explaining in detail the circumstances which led to a revised purchase order. The memo must get the approvals as obtained on the initial purchase order prior to payment of the invoice.

The purchase order amount should include all costs associated with the purchase of the goods/services, which include but are not limited to freight, sales tax, and/or site preparation costs.

10. Replace and Supersede

This document replaces and supersedes entirely all the previous versions of the ICAC Procurement Policy.

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Policy Review: Every Four Years

Eric B. Trachtenberg
Executive Director