Procurement Policy

DND*i*’s Policies

Content

I. Context and objective

Drugs for Neglected Diseases *Initiatives* (DND*i*) has been building alliances to deliver lifesaving medical innovations since 2003. DND*i* has forged a diverse range of R&D collaborations with over 200 partners and providers in more than 40 countries. With no labs or manufacturing facilities, DNDi acts as a "conductor of a virtual orchestra" at every phase of the R&D process. Leveraging its alliances and rich portfolio of new drug candidates, DNDi aims to deliver 15-18 new treatments between 2021 and 2028. In order to meet this objective and to foster sustainable solutions, DNDi is now expanding its footprint in low- and middle-income countries (LMICs).

This procurement policy sets out the overarching principles and standards that govern the procurement of goods and services at DNDi and is a key policy towards the achievement of DNDi's objectives. DNDi's Procurement Policy (The Policy) aims to:

- Ensure best value for money in the procurement of goods and services through a clear, consistent and efficient approach, with the highest standards of quality;
- Support good procurement practices; and
- Foster trust among DNDi donors and partners.

This policy should be considered in relation to other relevant policies, guidelines and standard operating procedures (SOP) that guide DNDi's conduct/behavior and processes, in particular:

- Code of Conduct
- Fraud and Corruption Prevention Policy
- Conflict of Interest Policy
- Signature Policy
- Due Diligence Guidelines (under development)
- Economic Sanctions Policy (under development)
- Contract Management Guidelines (under development)
- SOP CL PROC 01_Selection of Vendors
- SOP CL PROC 02_Oversight of Vendors
- PD06: Quality Assurance of GMP Services

II. Scope

The Policy applies to all DNDi Staff as per the Staff classification who are involved in the procurement of goods and services, including:

- R&D-related activities (e.g., Discovery, Translation, Clinical, Chemistry Manufacturing & Controls)
- Non-R&D activities (e.g., IT, Communications, HR, Finance, Access and Policy)

III. Procurement principles

DNDi's basic principles of procurement are:

1. **Effectiveness,** means procurement activities performed in accordance with the needs validated in the yearly action plan and contributing to optimal benefits for DNDi.

2. **Efficiency,** means procurement activities conducted in accordance with DNDi's Business & Strategic Plan, within a certain timeframe.

3. **Openness and Competitiveness**, means that procurement should ensure that the selection process has been conducted through fair competition under clear and transparent procedures, and all selected providers have met the requirements.

4. **Transparency**, means that all the provisions and information regarding the implementation of procurement shall be communicated to providers.

5. **Fairness,** means giving equal treatment to all providers and does not lead to an unfair benefit for any party.

6. **Accountability,** means that project leaders are responsible for the actions and decisions they take in relation to procurement, and for the resulting outcome.

7. **Responsibility**, means procurement process conducted carefully and in compliance with applicable regulations and policies.

8. **Independence**, means procurement decisions taken objectively and independent from any external influence.

9. **Sustainability,** means strategies will be deployed which avoid unnecessary consumption, environmental impacts of goods and of services over their whole life cycle, and suppliers' social responsibility practices (including compliance with legislative obligations to employees and international standards).

10. **Gender equality, equity and non-discrimination,** means procurement decisions not based on gender, race, nationality, ethnic origin, religion, disability, age, sexual orientation and other gender identities and expressions.

In addition to the procurement principles stated above, DNDi Staff:

- must comply with all applicable laws and regulations within the jurisdiction where they operate, as well as DNDi internal policies.
- shall disclose to their management any identified or potential conflict of interest, as per DNDi Conflict of Interest Policy. When in doubt, Staff should consult with their supervisor and escalate upon need.
- shall not take any personal advantage including, but not limited to, financial gains resulting from DNDi procurement activities.

Adherence to these procurement principles is essential to ensure effective outputs, best value for money and to minimize the risks to DNDi.

IV. Definitions

A. Procurement

Procurement is the process of sourcing and purchasing goods and services used by DNDi to achieve its objectives.

B. Third parties

DNDi aims to engage third parties as partners that contribute effectively to its projects and mission. When this is not feasible, DNDi uses a competitive bidding process to identify the best provider with which to outsource work, considering principally costs, quality and timelines. (DNDi may also consider other characteristics that ensures DNDi achieve its longer-term goals through hybrid provider models.).

1. Partner

A partner is defined as a third party that fulfils one of the following criteria:

- Contributes in-kind resources
- Is part of a grant application as a “Partner” with DNDi
- Organizations that contribute to local ownership in endemic countries

2. Provider

A provider is defined as a company or organization that provides goods or services which are required by DNDi to achieve our objectives/mission. The business risks and the costs are supported by DNDi. “Vendor” and “supplier” are also used interchangeably and have the same meaning as ‘service provider’ or simply ‘provider'.

C. Procurement processes

1. Competitive bidding

It is the approach used by DNDi to select from a number of competing providers based on the one which fits best with requirements (primarily technical capability, quality, costs, timelines).

2. Request for proposal (RFP)

A request for proposal (RFP) is a business tool used to find the best provider while maximizing value and minimizing risks. An RFP is defined as a formal document that outlines DNDi’s intent to purchase a good or service. DNDi issues the RFP to provide background information to potential providers and invite them to submit a proposal which meets the required services or goods.

3. Request for information (RFI)

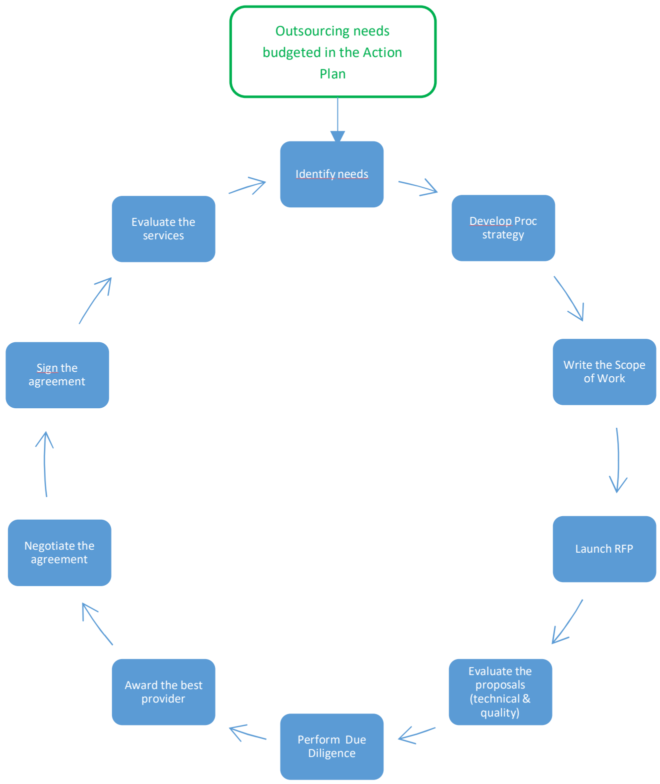
A RFI is a business tool whose purpose is to collect written information about the capabilities of different providers in a format that can be used for comparative purposes.

D. Procure-to-pay

The designation "Procure to Pay" or "Purchase to Pay" covers three key processes in the Procurement cycle: the purchase requisition, the purchase, the payment, and connecting the procurement and finance functions[1].

V. Procedures: procurement methods

Competition is a proven way to achieve economy and efficiency in the procurement of goods and services. Within a competitive framework, three specific methods of procurement with varying complexity are available depending on the value of the purchase and the localization of the funds[2]. All procurement methods involve the basic steps described below with different levels of complexity.



[1] DNDi will assess if such an integrated approach could be valuable for the organization. Expected benefits could be processes optimization, visibility and control improvement.
[2] Meaning the localization of the budget allocated for the activities to be performed.

The estimated value of the purchase (validated in DNDi' s annual Action Plan) determines the category of procurement consultation required:

- Light optional competitive bidding
- Standard competitive bidding
- Open competitive bidding

Thresholds for these three procurement categories are summarized in the table below:

<table>
<tr><th></th><th>Light</th><th>Standard</th><th>Open</th></tr>
<tr><td>Global HQ Geneva</td><td>< 20 K€</td><td>20 <...> 200 K€</td><td>> 200 K€</td></tr>
<tr><td>North America*</td><td>< 20 K€</td><td>20 <...> 200 K€</td><td>> 200 K€</td></tr>
<tr><td>DRC</td><td rowspan="7">< 5 K€</td><td rowspan="7">5 < ... > 50 K€</td><td rowspan="7">Not applicable
Consult Geneva</td></tr>
<tr><td>East Africa</td></tr>
<tr><td>Japan</td></tr>
<tr><td>Latin America</td></tr>
<tr><td>South Asia</td></tr>
<tr><td>South East Asia</td></tr>
<tr><td>Southern Africa</td></tr>
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* The threshold for North America was validated in the 2014 Procurement Policy and is based on the materiality threshold of the United States. It is grandfathered into the 2021 Procurement Policy.

A. Main methods

1. Light optional competitive bidding

This procurement method is based on obtaining written quotation from a minimum three providers to assure competitive prices. This method is suitable for low value purchases of goods and standard services. This procedure is managed by the project leader with the support of procurement representative.

2. Standard competitive bidding

In this procurement method, the bidders are invited to bid on a specific purchase which has been described in an RFP drafted by the project leader and the Procurement representative. All known providers able to meet the requirements of the purchase are invited to bid. The procurement representative oversees the entire process with the support of the project leader.

3. Open competitive bidding

This is the method used for contracts with a value greater than EUR 200K. Competition is open to all bidders who meet the purchase requirements. Notification of bidding opportunities (RFPs) are publicized on DNDi website with advance notice to encourage broad participation. The procurement representative oversees the entire process with the support of the project leader.

Those methods are detailed in the Procurement Guidelines.

B. Exceptions

The procurement department has discretion to waive the competitive bidding requirements in certain situations including but not limited to:

1. Preferred provider

A preferred provider is an organization that has been awarded to provide a specific type of services/ goods without going through a competitive bidding process. This provider gained this status after having been assessed and approved during a bidding process for a long-term relationship (two-three years) with preferable conditions, stated in a Master Services Agreement.

2. Sole source

Sole sourcing means that only one provider, to the best of the project leader's knowledge and belief, based upon thorough research, can deliver the required good or service. No competitive bidding will be performed. However, a specific budget/quotation must be requested of the potential provider. A sole source justification (Waiver) needs to be written by the project leader and sent for filing to the procurement representative with the latest budget.

3. Other exceptions

- An emergency need is defined as life endangering or entails that property may be destroyed if the procurement is not completed without delay.
- Business continuity: the continuity of project with a provider may be used as justification for using non-competitive procurement methods.
- Strategic project when it falls into pillar 2 activities/objectives.

No competitive bidding will be performed, but a specific budget/quotation has to be requested of the potential provider. A sole source justification (Waiver) needs to be sent for filing to the procurement representative with the latest budget.

All exceptions other than 'Preferred Providers' requires documentation via a Waiver Form which must be signed by the authorized persons identified in the Procurement Guidelines. This must be complete before any commitment or award is made to the provider.

VI. Roles and responsibilities

The main roles involved in this procurement process include:

The project leader is the individual with responsibility for having the final validation on the project award and therefore on the project's expenses, as per the signature policy. He is accountable for compliance with the Procurement Policy and can delegate the responsibilities to conduct the Procurement process.

The procurement representative is the individual who is formally authorized to roll out the procurement process for goods or services.

The finance representative is an individual from the finance department who must be consulted at the beginning of the procurement process (i.e. prior to the launch of the RFP, or prior to any discussion with the provider if not using non-competitive methods) to ensure sufficient funds are available for the goods or services to be purchased.

The legal counsel is the individual who supports the project leader in the review and negotiation of the contract, in particulier by identifying legal risks and proposing appropriate course of actions for mitigating/reducing/excluding such risks.

The signatories of the agreement are the persons who will:

- Validate the decision of the project team and its leader (company awarded and budget associated)
- Sign the agreement in compliance with the signatory policy.

The regional office representative is the individual who brings support on any outsourcing activities on projects to be performed on a country where DNDi has a Regional Office or/and on local providers/market.

The clinical quality assurance representative (only for Clinical activities) is the individual who may send a quality questionnaire and trigger a qualification audit of the provider after award.

Roles and responsibilities are detailed within DNDi's Procurement Guidelines and is complemented by a RACI matrix.