



**Special FFC140 Meeting
31 October 2025
Honiara, Solomon Islands**

Item No	13
Paper No	FFC140-WP10
Title	FFA Procurement Policy

Summary

This Paper presents the FFA's revised, updated and standalone Procurement Policy for FFC consideration and approval.

The revised, updated and standalone Procurement Policy is submitted for FFC consideration in line with the FFA Convention Article V 1(a) which empowers the FFC to "Provide detailed policy and administrative guidance and direction to the Agency."

Recommendations

The Committee is invited to:

- i. Review the draft revised, updated and standalone FFA Procurement Policy; and
- ii. Subject to any recommended changes, approve the Policy for immediate adoption and implementation.

Background

FFA's Procurement Policy and procedures historically have been incorporated into the FFA's Financial Procedures Manual. The Manual was last updated in 2019. The Procurement policy and procedures are issued under regulations 20 and 28 of FFA's financial regulations.

Procurement value has increased significantly since the FFA's establishment 45 years ago, with increasing donor funding and Project portfolio. FFA's average annual budget for the last 10 years has been US\$28 million, out of which an average of US\$16.8 million or 60% was attributed to operational costs. Most of the operational cost of 60% constitute procurement of goods, services or works for the implementation of the various projects and programmes on behalf of the Members.

With the increased volume of Procurement, Audits and Institutional Reviews highlighted the need for establishment of a Procurement Unit to strengthen FFA's overall Governance and Financial Management set up. Through the support and approval of FFC, a Procurement Unit was established at the Secretariat in June 2023 with the recruitment of a Procurement Specialist. The Unit is currently also supported by a Procurement Assistant.

The Audits and Institutional Reviews had also recommended implementation of a standalone Procurement Policy which forms the framework for guiding all procurement actions undertaken by FFA ensuring fairness, integrity, transparency, value for money, and sustainability.

Draft Procurement Policy

The draft Procurement Policy attached for FFC's review and approval ensures the following:

- i. FFA's Procurement strategy and framework is responsive to FFA and its development partner's current and future procurement needs and is fit for purpose for advancing FFA's strategic objectives.
- ii. The draft Policy is aligned to the Chartered Institute of Procurement Supply (CIPS) Global Procurement Standards and global procurement best practices.
- iii. Procurement requirements and standards of FFA's key donor partners are incorporated in the draft Policy to enhance donor confidence and make FFA a developmental partner of choice.
- iv. The outstanding recommendations of the European Union Pillar Assessment undertaken in 2020 is addressed which is critical for signing off on any future EU funded Projects by FFA.
- v. Procurement policy principles and best practices within other key CROP agencies such as SPC, PIFS and USP have been incorporated to ensure a harmonised approach to addressing Procurement and Market supply challenges in the region.

Key Features of the Draft Procurement Policy

- i. Procurement Principles include:
 - a. Best value for money
 - b. Fairness, Integrity and transparency
 - c. Effective competition
 - d. Economy and effectiveness
 - e. Sustainable Procurement
- ii. The requirement for effective Records Management of Procurement documents
- iii. Protection of Personal Data provision ensuring the confidentiality and protection of all documents and personal data used in any Procurement process.
- iv. Provides for the following Procurement implementation modes:

- a. Direct execution
 - b. Grant
 - c. Partnership
 - d. Special funding requirements
- v. Requirement for Projects to develop Procurement Plan for monitoring of the implementation of Procurement actions
- vi. Provisions ensuring implementation of a complete 'Procurement to Payment' workflow including the use of requisition, purchase orders, receipt and three-way matching process before payments are made.
- vii. Vendor management requirements which ensures that due diligence and vendor check will be carried out by FFA before a vendor is entered into FFA's financial system, which include identification of individuals or companies who are listed on the UN, WB and ADB Sanctions list and Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) lists.
- viii. Contains provisions to facilitate implementing procurement actions in informal sector or markets where formal finance or banking system does not exist.
- ix. Increased threshold for competitive tender requirement from US\$20,000 to US\$30,000 allowing more flexibility to use Request for Quotation processes rather than a formal tender process.
- x. Allows for direct contracting with vendors who have delivered successfully on past contracts.
 - i. Annexed to the policy is a Consultancy Guide which provides a framework within which Consultancies can be used and fee range which provides guide to the minimum and maximum fee rate which can be offered on the basis of the complexity of the assignment and the degree of specialisation, knowledge, qualifications, experience and skills required.
 - ii. A single-page desktop guide attached as Annex B has been developed, for staff everyday use and easy reference to key Procurement requirements and thresholds.

Audit and Risk Committee

The Audit and Risk Committee, at its 28th meeting in April 2025 (ARC28), endorsed the revised, updated and standalone Procurement Policy subject to a few changes which was incorporated in the policy and presented at ARC 29 on 3rd of October. The revised updated Procurement Policy as per attached has been endorsed for FFA approval.