

Procurement Guidelines for KIOS Grantees

Introduction

This document outlines the procurement guidelines for grantees of KIOS Foundation. It is based on the procurement rules of KIOS Foundation, the European Union's External Action [procurement rules for beneficiaries \(found in ePRAG\)](#), and the Finnish Ministry of Foreign Affairs procurement principles. Following these guidelines is part of the grantee's contractual obligations. It is important for all grantee organisation's staff involved in making procurement decisions to familiarise themselves with the guidelines.

Procurement refers to the purchasing, renting or leasing of goods and contracting of services. Procurement does not encompass the hiring of employees or work done in-house.

Procurement principles

The general principles of procurement emphasise necessity, direct relevance to project goals, and efficiency and cost-effectiveness. It is crucial to procure goods and services that offer the best value for money. Additionally, sustainable procurement should be considered, focusing on items that have a long lifespan and benefit the organisation. Environmental sustainability should always be considered in procurement; prioritise products and services with minimal environmental impact and choose suppliers who demonstrate environmentally responsible practices.

Social sustainability is part of KIOS Code of Conduct. Support suppliers that adhere to fair labour practices and contribute to social wellbeing, considering the social impact of procurement decisions on local communities. Procurement should be guided by principles that ensure ethical practices. Ethical procurement involves implementing anti-corruption measures, sourcing from companies that respect labour laws, human rights, and avoid conflicts of interest. Transparency is crucial; documenting all procurement activities and decisions promotes accountability and integrity in the process.

Whenever possible, procure goods and services from local suppliers to support the local economy and reduce transportation costs, ensuring that local suppliers meet quality and ethical standards.

Eligibility of the Expenses

Procurement should keep in mind the eligibility of the expense, i.e. is the cost relevant and justifiable in relation to the project/action. Eligible costs are incurred by the grantee and must meet the following criteria:

1. **Timing:** Costs must be incurred during the implementation of the action. Costs related to supplies must be related to the activities and delivered and installed during the implementation period. Contracts that are continuous in nature made with the goods or service providers before the period can be excepted, provided they meet the other eligibility criteria. **Payment Timing:** Costs should be paid before the submission of the final report. Unpaid costs may only be accepted, if they are listed as payables in the final report with an estimated payment date, such as costs related to final financial reporting, e.g. audit fees.

2. **Relevance:** Costs must be related to the project, activity, or core support as outlined in the proposal and contract.
3. **Budgeted:** All expenditure must be included in the estimated overall budget for the action.
4. **Necessity:** All expenditure must be necessary for the implementation of the action.
5. **Documentation:** All expenditure must be identifiable, verifiable and documented in the accounting records.
6. **Compliance:** Costs must comply with applicable tax, social, labour, and other laws.
7. **Reasonableness:** Costs must be reasonable, justified, and comply with the principles of sound financial management, particularly regarding economy and efficiency.
8. **No Conflict of Interest:** The grantee shall ensure that no conflict of interest arises during the procurement process. A conflict of interest can occur when representatives of the grantee make procurement decisions that may benefit relatives, close friends or business associates in a way that is material and/or unfair. In such cases, the grantee must disclose the conflict of interest and exclude any such individuals from participating in the procurement decision-making process.

Non-eligible costs

Below is a non-exhaustive list of costs that are never eligible for grants awarded by KIOS.

For EU-funded Grants:

- Payments of debts and debt service charges (interest)
- Provisions for losses or potential future liabilities
- Costs financed by another donor
- Purchases of land or buildings
- Currency exchange losses
- Equipment not directly utilised for the action
- Credit to third parties
- Staff bonuses
- Negative interest charged by banks or other financial institutions
- Salary costs of the personnel of national administration (acceptable only under special conditions)

For Finnish MFA-funded grants:

- Depreciation of assets (assets purchased are recorded as costs, never capitalised)
- Costs of fundraising
- Payments of loan principal or interest on loans
- Estimated costs not based on actual expenditure incurred
- Severance pay
- Salary bonuses not based on national law or regulations or collective labour agreements
- Penalty fees or tax increases etc. imposed by government agencies
- Entertainment expenses

EU restrictive measures

Grantees directly or indirectly receiving funding from the EU area (including KIOS Foundation) are obligated to follow the EU restrictive measures found in ePrag [Article 2.4](#). No procurement can be conducted with EU restricted actors. Most of the grantees of KIOS Foundation are not affected, however, please check the lists of persons, groups, entities subject to the EU restrictive measures on the following website: www.sanctionsmap.eu.

Procurement limits

Procurement Limit	Action Required
Contract Awarding for long-term services	<ul style="list-style-type: none"> • Tendering with at least three quotations • Procurement process note • Annual revision
Significant procurement not in agreed budget	<ul style="list-style-type: none"> • Prior and written approval from KIOS is required (please contact your KIOS contact person)
Over 2 000 EUR	<ul style="list-style-type: none"> • Tendering with at least three quotations • Procurement process note • Entry in asset register (if applicable)
Between 200 EUR and 2 000 EUR	<ul style="list-style-type: none"> • Tendering with at least three quotations • Entry in asset register (if applicable)
50 - 200 EUR	<ul style="list-style-type: none"> • Price comparison

Tendering and documenting of procurements

Proper documentation of procurement is essential for transparency and accountability.

- Verify the eligibility of procurement costs under the grant agreement terms and check the list of ineligible costs to avoid disallowed expenditure. Document any price comparisons or tendering processes conducted.
- For purchases exceeding 2 000 EUR, provide a procurement note detailing the process, including dates, contracts, signatures, and a narrative describing the procurement steps and considered providers.
- For tendering documentation, grantees should provide supporting documents including the contract and quotations. The process involves soliciting bids, evaluating them based on predefined criteria, and selecting the most suitable proposal.
- Keep detailed records of all procurement transactions, including receipts, invoices, and contracts.

Asset register and transfer of assets

Any assets purchased for at least the equivalent of 200 euros shall be added to the Grantee's fixed asset register. Existing systems can be used. However, at least the following information should be included: purchase price, date of purchase, description/type of asset and serial or identification number. The asset register should be regularly updated to ensure all assets are accounted for and found in the register.

At the end of the project cycle and attached to the final reporting, the grantees shall prepare a Transfer of Assets document (template for which is provided by KIOS) for each asset worth at least 200 euros procured for the project and listed in the asset register. Assets are transferred from the project to either the grantee or another project beneficiary. Assets purchased with grant funds must remain in use by the Grantee or other project beneficiary and cannot be sold, gifted or repurposed as long as they remain in working condition.