




# NW SYRIA HUMANITARIAN SC MARKET RISK ASSESSMENT

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## 1. DEFINITIONS

ROI	Request for Information
Fraud	Wrongful or criminal deception intended to result in financial or personal gain.
Corruption	Dishonest or fraudulent conduct by those in power typically involves bribery.
Bribery	The offering, giving, receiving, or soliciting of something of value for the purpose of influencing the action of an official in the discharge of his or her public or legal duties
Incentive	Refers to the employee's mindset towards committing fraud
Opportunity	Position or weak controls that provide an opportunity for committing fraud
UNCAC	United Nations Convention Against Corruption
Fraudster	The person who commits fraud
Monopoly	A market condition in which there is a single seller of a particular commodity who is called a monopolist and has complete control over the supply of his product.
Invoice Rigging	The act of falsifying the value of an invoice to a number more than the actual
Bid Rigging	It is a form of anticompetitive collusion and is an act of market manipulation; when bidders coordinate, it undermines the bidding process and can result in a rigged price that is higher than what might have resulted from free-market competitive bidding.
Collusion	Secret or illegal cooperation or conspiracy in order to deceive others.
Tail Spend	Refers to all the unmanaged high-volume and low-value transactions that take place within an organization.
	Bugs and issues
	Recommendations
	Quotes of Suppliers' complaints

## 2. BACKGROUND:

Humanitarian procurement is most exposed to corruption and fraud due to the volume and recurrence of transactions and the complexity of procedures. Opportunity plays an essential trigger for perpetrating fraud in public and nonprofit procurement, especially when sufficient controls are not adequately set, and activities are not monitored as they should be.

To detect and prevent fraud and corruption within institutions, organizations apply distinct types of controls which may or may not accomplish all that for which they have been created. With all the applied controls, governments and non-governmental organizations estimate the annual loss due to corruption by US\$2.6 Trillion globally. UNCAC's states pledge to fight corruption through the active participation of individuals and groups outside the public sector. Hence, ChainsBerg, with all the expertise available, is joining in fighting corruption alongside nonprofit organizations.

## 3. PURPOSE:

The purpose of establishing the company is to be one of the independent entities contributing to developing nonprofit and public procurement processes starting with the market research and ending with invoicing and payment. ChainsBerg believes that the current controls established by NGOs may not satisfactorily eliminate fraud and corruption and need additional instruments and monitoring activities to maximize the efficiency of controls and minimize the opportunity for committing fraud and corruption. The purpose of this document is not to explain the procurement cycle thoroughly; rather, it illustrates what issues and risks are embedded.

## 4. METHODOLOGY:

ChainsBerg has made the due research on nonprofit procurement based on long years of experience in procurement, finance, and compliance utilizing the supplier's perspective, which is not widely considered. We divide the procurement cycle into a range of stages and phases to understand who can commit the fraud, when, and how. Besides the conventional way of segregating the duties, applying thresholds, and checking supporting documents upon payment, ChainsBerg inserts more innovative solutions through each stage and phase, hindering the tendency of fraudsters to commit fraud. In addition, ChainsBerg sources for suppliers in the targeted regions under different product categories and collects rich information which interests NGOs most, and promotes environmental, ethical, and straightforward business standards.

## 5. PROBLEM:

The majority of NGOs in the Syrian context do not assign full-time fraud and corruption specialists. Instead, organizations delegate such tasks to a compliance team, whose part of the job is to overlook fraud and corruption in humanitarian operations. Compliance conducts periodic revisions of supporting documents and internal controls to ensure fraud is detected and appropriately dealt with. They also depend on internal and external complaints such as vendors, staff, beneficiaries, third parties, etc., which tend to be very resourceful in collecting fraudsters' information. However, this is negatively affected by several factors which prevent those players from complaining. One of them is a mixture of economic and security factors, where staff and beneficiaries fear the retaliation of other parties (i.e., local authorities, organizations, etc.) in the case of disclosing sensitive information about fraud. They could be dismissed from their work, and beneficiaries could be prevented from receiving their assistance. Another factor is cultural, where complainers do not believe in the organization's seriousness in taking their words into consideration. Also, complainers do not trust that

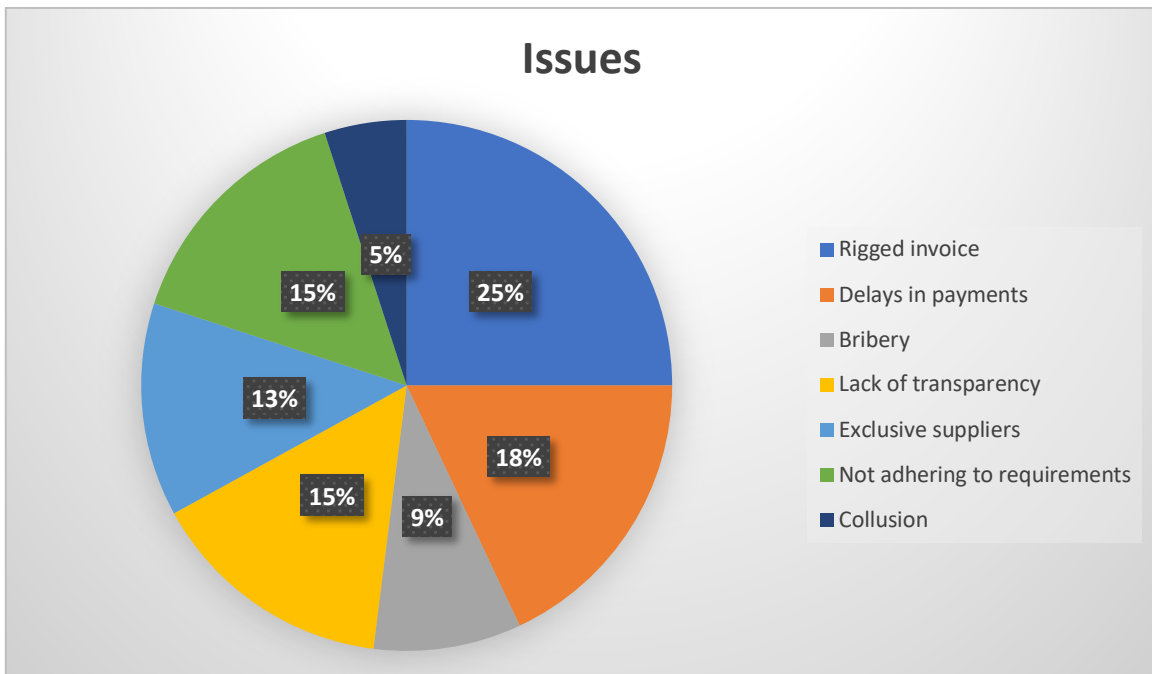
their information will be kept safe and that fraudsters will be fought impartially and honestly. Another factor is that there are no feasible channels (emails, phones, mail, etc.) for those stakeholders so they can report easily, with confidence that fraudsters will be uncovered, and without the fear of retribution.

Most working NGOs do not have statistics about fraud cases or estimated losses resulting from corruption. Therefore, NGOs should actively follow up with the fraud reporting hotline, collect data on fraudulent activities, and estimate the loss. Furthermore, the current year's data should be compared with the previous ones to ensure the organization is progressing and the cost allocated to fraud prevention is realistic and cost-effective. Not only that but stakeholders may also not be encouraged to report for the reasons explained above; in such cases, NGOs should find more viable ways to connect and get the required feedback.

Corruption and fraud can be triggered by incentives or opportunities. ChainsBerg studied the nonprofit procurement cycle and identified the opportunities in each stage. By minimizing the opportunities, organizations can focus on incentives that encourage perpetrators to commit fraud.

With all the previously mentioned controls applied, nonprofit procurement is still significantly exposed to fraud and corruption. This has been evidenced by the suppliers surveyed recently, where many suppliers opened up and mentioned what issues they are facing while working with NGOs, although they expressed their concerns over speaking up for the previously mentioned reasons.

The following chart highlights the most concerning risks and issues within the nonprofit procurement as reported by suppliers



The modality of collecting this information is not a yes/no question. The purpose of suppliers' visits was not exclusively to survey their opinions. Instead, the primary purpose was to source reliable suppliers and collect legal, financial, ethical, and other information that NGOs require. The question about issues was general and open to a wide range of answers. What is reflected in the chart is what percentage of suppliers mentioned a specific subject or issue. We believe if we conduct a questionnaire touching base on these specific issues, we

will get higher percentages as we believe that these answers were what came to their minds at the time of the visit, and they still did not trust our company as a third party whose one of our objectives is to convey their concerns to the influencing humanitarian agencies.

Last but not least, the remote management module NGOs had to operate in the Syrian context imposes more challenges as most of what we have mentioned above applies to the standard and direct monitoring module, not to mention remotely managing operations and sub-recipients require even more supervision.

## 6. SOLUTION:

In order to delegate solutions for each risk or issue, we must divide the procurement cycle into stages and phases and then deploy specific tools which tend to reduce the opportunity of imposters to commit fraud in any institution.

### 6.1 PRE-TENDERING STAGE

This is also called the design stage. Organizations collect information about the project, including details and specifications of products and services to be purchased and by when. This stage consists of more phases:

#### 6.1.1 MARKET RESEARCH

This is the most critical phase in the procurement cycle as the needs are identified, and information on products and services is collected and examined to decide which threshold and contract type are the most suitable. During this phase, the following needs are analyzed:

- 1- Products and services to be purchased or leased
- 2- Funding availability
- 3- Detailed specifications and requirements of products and services
- 4- Which products and services are under current contracts
- 5- Who the key suppliers are
- 6- How other peer organizations do purchase such products and services
- 7- What the estimated costs are



**(1) INSUFFICIENT EXPERIENCE OF THE STAFF WHO SET THE SPECIFICATIONS AND REQUIREMENTS WHO ARE NOT FAMILIAR WITH AVAILABLE GOODS IN THE MARKET (2) SPECIFICATIONS ARE TAILORED TO A PARTICULAR SUPPLIER (3) SPECIFICATIONS ARE IMPOSED BY EXTERNAL ENTITIES TO BENEFIT PARTICULAR SUPPLIERS (4) OVER OR UNDERESTIMATING THE NEEDS OR PRICES WHICH MAY RESULT IN SURPLUS OR DEFICIT IN THE BUDGET**



**(1) ENSURE SPECIALIZED STAFF OR CONSULTANTS CONDUCT OR PARTICIPATE IN SETTING THE SPECIFICATIONS AND REQUIREMENTS (2) ENSURE THE GREATER PART OF SUPPLIERS ARE CONTRIBUTING TO THE RESEARCH THROUGH FORMAL CHANNELS LIKE ROI OR UNOFFICIAL LIKE SITE VISITS, EMAILS, AND PHONE (3) MAINTAIN EFFECTIVE COMMUNICATION WITH OTHER AGENCIES TO DETERMINE CORRECT PRICING (4) ENSURE THE SPECIFICATIONS LEAVE A MARGIN FOR INNOVATIVE SOLUTIONS BY SUPPLIERS (5) ENSURE THE SPECIFICATIONS AND REQUIREMENTS ARE ADHERED TO IN LATER STAGES (6) REDUCE UNPLANNED END OF THE PROJECT PURCHASES (7) REDUCE TAIL SPEND**

Once the extensive market research study is finished, the procurement officer can proceed to the next phase.

### 6.1.2 PROCUREMENT PLAN

What has been collected and examined in the first phase is recorded in a procurement plan. Next, the procurement team meets and discusses the essential steps, planning, and gathers market information. They will also make decisions that drive the effective execution of the procurement cycle.

The key topics that should be included in the procurement plan are:

- 1- Scope
- 2- Products and services to be purchased
- 3- Specifications and requirements, including selection criteria
- 4- Critical requirements
- 5- Method of procurement
- 6- Estimated schedule
- 7- Estimated costs
- 8- Performance measures
- 9- Risks
- 10- Team assignment



**(1) TOO MUCH ROUTINE THAT LEADS TO TAKING MONTHS TO AWARD A CONTRACT (2) LACK OF SUPPLIER DATABASE (3) SPECIFICATIONS LIMIT COMPETITIVENESS (3) LACK OF SELECTION CRITERIA WHICH MAY LEAD TO MANIPULATING SELECTION AT LATER PHASES (4) UNREASONABLE REQUIREMENTS FOR TYPICAL PURCHASES SUCH AS PREVIOUS CONTRACTS WITH NGOS MAY CIRCULATE AWARDS BETWEEN SPECIFIC SUPPLIERS (5) SUPPLIERS DISINTEREST IN BIDDING DUE TO FRAUD, LACK OF TRANSPARENCY, UNREASONABLE REQUIREMENTS, ETC. (6) END OF PROJECT PURCHASES (7) TAIL EXPENSES (8) GOODS MONOPOLY AS IT GOES HAND IN HAND WITH AID DIVERSION**



**(1) SET CLEAR SPECIFICATIONS THAT DO NOT LIMIT COMPETITIVENESS AND LEAVE A MARGIN FOR INNOVATIVE SOLUTIONS BY SUPPLIERS (2) SET A REALISTIC SCHEDULE FOR THE PROCUREMENT PROCESS (3) SET REASONABLE REQUIREMENTS THAT PROMOTES COMPETITIVENESS (4) INCREASE TRANSPARENCY BY INVITING SUPPLIERS TO ATTEND BIDS OPENING MEETINGS (5) OPEN VIABLE CHANNELS FOR SUPPLIERS TO REPORT ISSUES AND ACTUAL OR POTENTIAL FRAUD (6) GOOD PLANNING PREVENTS PROCUREMENT THRESHOLD**


**ABUSE (7) ENSURE ADHERENCE TO THE PLAN IN LATER PHASES TO LIMIT THE OPPORTUNITY FOR FRAUD (8) ENCOURAGE COMPETITIVENESS AND SME PARTICIPATION TO AVOID PRODUCTS BEING MONOPOLIZED BY LIMITED SUPPLIERS**


## 6.2 TENDERING STAGE

In this stage, suppliers are invited to take part in a competitive process to provide the best quality with the lowest price available. Specifications and requirements are written in a formal document and publicized via formal media means. The procurement team prepares a public notice including the following:


### 6.2.1 TENDER DRAFTING AND ANNOUNCING

- 1- Background and scope of the organization and project
- 2- Products or services needed
- 3- Mandatory requirements
- 4- Preferred requirements
- 5- Details of the bidder company, including experience and previous work, explain how they will contribute to the success of the project
- 6- Time schedule of accomplishing works or goods
- 7- Delivery locations, quantities, and frequency
- 8- Payment terms
- 9- Evaluation criteria and scoring aligned with the procurement plan
- 10- Pricing

 (1) SPECIFICATIONS AND REQUIREMENTS TAILORED TO A SPECIFIC SUPPLIER (2) MISSING INFORMATION ABOUT PRODUCTS AND SERVICES REQUIRED CAN BE IN FAVOUR OF SOME SUPPLIERS (3) PUBLIC NOTICE IS NOT ANNOUNCED IN AN OFFICIAL MEDIA AND MAY NOT REACH ALL POTENTIAL SUPPLIERS (4) MANDATORY REQUIREMENTS UNREASONABLY LIMIT COMPETITION (5) SHORTAGE OF BIDDERS (6) EVALUATION CRITERIA WHICH IS NOT ADEQUATELY SET, NOT SET AT ALL OR DO NOT ALIGN WITH THE PROCUREMENT PLAN CAN BE IN FAVOUR OF SOME SUPPLIERS, ON THE OTHER HAND, THEY WILL LEAVE THE SUPPLIERS UNABLE TO DETERMINE WHAT EXACTLY THE ORGANIZATION IS LOOKING FOR (7) REQUESTING LEGAL DOCUMENTS OF SUPPLIERS EACH TENDER AS A RESULT OF THE UNAVAILABILITY OF TRUSTED SUPPLIER DATABASE


 (1) AVOID MENTIONING BRANDS AND ORIGINS OR MENTION "OR EQUIVALENT" IF REQUIRED (2) ENSURE LEAVING A MARGIN IN THE SPECIFICATIONS FOR SUPPLIERS TO PROPOSE INNOVATIVE SOLUTIONS (3) ENSURE ALL SPECIFICATIONS AND REQUIREMENTS ARE ADEQUATELY ARTICULATED SO SUPPLIERS CAN EFFECTIVELY CALCULATE THE COST (4) ENSURE SPECIFICATIONS, REQUIREMENTS AND EVALUATION CRITERIA ALIGN WITH THE MARKET RESEARCH AND PROCUREMENT PLAN TO AVOID MANIPULATING THE SUPPLIER SELECTION (5) SURVEY THE SUPPLIER OPINION ON THEIR DISINTEREST IN BIDDING (6) ENSURE ALL SUPPLIER QUESTIONS ARE ANSWERED PRIOR TO THE DUE DATE OF BIDS SUBMISSION (7) ENSURE SUPPLIERS WHO USED TO BID FOR PREVIOUS TENDERS ARE NOT ASKED TO PROVIDE THEIR


**LEGAL DOCUMENTS TO AVOID DISINTEREST (8) ANNOUNCE FOR THE DATE OF THE BID OPENING AND EVALUATION AND INVITE THE SUPPLIERS TO ATTEND**

 (1) SPECIFICATIONS ARE TAILORED TO SPECIFIC SUPPLIERS (2) NGOS LOOK FOR ONLY BAD QUALITY GOODS AND SERVICES (3) NGOS ANNOUNCE FOR CERTAIN REQUIREMENTS AND SPECIFICATIONS THEN CHOOSE THE WORST (4) NGOS' PROCUREMENT CYCLE IS BORING AND MAY TAKE UP TO MONTHS (5) NGOS WORK WITH CERTAIN SUPPLIERS (6) NO PROFESSIONAL STAFF HAVE THE SUFFICIENT KNOWLEDGE OF THE PRODUCTS THEY ARE REQUESTING OR ANNOUNCING FOR (7) SOME NGOS WORK EXCLUSIVELY WITH COMPANIES OWNED BY THEIR STAFF (SHELL COMPANIES) (8) NGOS LOGISTIC TEAMS COME TO US TO TAKE OFFERS AND NEVER BACK AND NEVER INFORM US WHY OUR OFFERS WERE REJECTED (9) NGOS LOGISTIC TEAMS COME TO US TO TAKE SPECIFICATIONS OF PRODUCTS WE PROVIDE THEN WE ARE SURPRISED THAT SPECIFICATIONS ANNOUNCED FIT A SPECIFIC SUPPLIER IN THE MARKET (10) NGOS LOGISTIC TEAMS REQUEST A BRIBE "%" TO ACCEPT WORKING WITH US (11) NGOS LACK THE TRANSPARENCY BECAUSE THEY DO NOT INVITE US TO ATTEND THE BID OPENING AND THEY DO NOT DEBRIEF US WITH THE RESULTS

#### 6.2.2 OFFERS SUBMISSION

Typically, the offers consist of two envelopes. The first one contains technical information about the company and project implementation plan, and the other contains the financial aspects. Both envelopes are put in one big envelope, and all are stamped and sealed. The bid documents are shared by the NGO, but a few audit companies consider such practice a corruption red flag.

 (1) BID RIGGING, WHICH MAY INCLUDE (A) A COMPANY BID UNDER MANY NAMES (B) AFTER DEADLINE SUBMISSION (C) FAKE OFFERS BY NGOS STAFF (D) PRICE INCREASE OR SPECIFICATION CHANGE REQUEST AFTER THE CONTRACT IS SIGNED (2) COLLUSION WHICH MAY INCLUDE (A) SUPPLIERS AGREE TO HELP A SUPPLIER WIN THE CONTRACT (B) OFFER WITHDRAWAL (C) BID INFORMATION LEAKAGE TO HELP A SUPPLIER WIN THE CONTRACT (3) SHORTAGE OF BIDDERS (4) TENDING TO WAIVE THE TENDER THRESHOLD FOR LACK OF SUPPLIERS (5) SOME NGOS REQUEST THE SUPPLIER TO VISIT THE OFFICE TO RECEIVE THE BIDDING DOCUMENTS AND THEN COME ANOTHER TIME TO SUBMIT THE TENDER WHICH MAY DECREASE THE INTEREST OF THE SUPPLIERS OR CREATE A SUITABLE ENVIRONMENT OF COLLUSION


 (1) ENSURE SUPPLIERS ARE VERIFIED BY THE NGO OR A THIRD PARTY (2) ENSURE ISSUES ARE SOLVED RELATED TO WHAT MAY HINDER THE SUPPLIERS FROM BIDDING AND EASE THE REQUIREMENTS TO INCREASE THE INTEREST (3) THE NGO OR A THIRD-PARTY SURVEYS THE BIDDING SUPPLIERS IF THEY SUSPECT ANY BID RIGGING OR COLLUSION (4) A THIRD PARTY ATTEND THE BID OPENING MEETING UTILIZING A REG FLAG CHECKLIST TO ENSURE INTEGRITY AND COMPLIANCE WITH THE TENDER ANNOUNCEMENT (5) ENSURE START AND END DATE OF THE ANNOUNCEMENT ALIGN WITH THE PROCUREMENT PLAN




 (1) NGOS' ROUTINE IS TOO COMPLICATED, AND THEY TAKE MONTHS UNTIL THEY AWARD THE CONTRACT (2) THERE ARE A LOT OF DELUSIVE PRICES BEING OFFERED TO NGOS (3) PAYMENT TERMS SUCH AS LONG TIMEFRAME AND PAYING IN TURKISH LIRA EXPOSE US TO HUGE LOSSES

### 6.2.3 OFFERS EVALUATION

Offers evaluation is divided into various phases such as evaluation of mandatory requirements, technical proposals, financial proposals, and finally, the selection of the winning supplier. Evaluation points should be assigned in the tender announcement using numeric rating. To ensure there is no manipulation of the selection process, a score should be assigned in the planning phase and strictly adhered to while deciding on the winning offer.

 (1) CONFLICT OF INTEREST, WHICH MAY INCLUDE (A) BID INFORMATION LEAKAGE (B) SHELL COMPANIES OWNED BY NGOS' STAFF OR DIRECTORS (C) CLOSE FAMILY OR BUSINESS RELATIONS (D) BIDDING COMPANIES OWNED BY ONE SUPPLIER (2) FAMILIARITY WITH BIDDERS OVER TIME (3) NOT ADHERING TO THE PRESET EVALUATION CRITERIA (4) LACK OF TRANSPARENCY WHICH MOSTLY COME FROM NOT INVITING THE BIDDERS TO ATTEND THE BID OPENING (5) NGOS DO NOT BRIEF UNSUCCESSFUL BIDDERS WITH THE RESULTS (6) BIDDERS ARE DISQUALIFIED FOR MISSING COMPONENTS OR UNNECESSARY REQUIREMENTS (7) EVALUATION COMMITTEE DOES NOT HAVE THE TECHNICAL EXPERTISE TO EVALUATE TECHNICAL SPECIFICATIONS OF PRODUCTS (8) INSUFFICIENT PRODUCT INFORMATION BY BIDDERS MAY LEAD TO PRODUCT SUBSTITUTION OVER DELIVERY

 (1) ENSURE EVALUATION CRITERIA AND SCORE IS ADHERED TO ACCORDING TO THE PROCUREMENT PLAN (2) ENSURE SUPPLIERS ARE EDUCATED ABOUT CONFLICT OF INTEREST AND THE IMPORTANCE OF DISCLOSING REAL OR PERCEIVED CONFLICT OF INTEREST (3) THE NGO OR A THIRD PARTY CONDUCT A SURVEY WITH THE BIDDERS OR PART OF THEM TO SURFACE ANY CONFLICT OF INTEREST, COLLUSION OR BID RIGGING (4) SEEK A THIRD PARTY ASSISTANCE IN CONDUCTING DUE DILIGENCE ON SUPPLIERS TO UNCOVER ANY POTENTIAL SHELL COMPANY OR FRAUD SUPPLIER (5) REPORT ANY BIDDER DISQUALIFICATION AND INSPECT INSTANCES OF DISQUALIFYING BIDDER DUE TO ARBITRARY REASONS (6) ENSURE EVALUATION COMMITTEE HAS THE SUFFICIENT EXPERTISE IN QUALIFYING THE GOODS OR SERVICES (7) COMPARE CURRENT WITH PREVIOUS BIDDERS FOR THE SAME ITEM OR CATEGORY (8) ENSURE THE BIDDER SUFFICIENTLY PROVIDES THE NAME AND BRAND OF PRODUCTS

 (1) NGOS CONTRACT WITH ONLY SPECIFIC SUPPLIERS (2) LOGISTIC STAFF CONTRACT WITH THEIR OWN COMPANIES (3) LOGISTIC STAFF REQUEST BRIBES OR A PERCENTAGE FOR OUR OFFERS TO BE ACCEPTED (4) NGOS REQUEST CERTAIN SPECIFICATIONS THEN CHOOSE THE LOWEST QUALITY (5) NGOS MOSTLY COUNT ONLY LOWEST PRICE REGARDLESS OF THE QUALITY

**(6) ONCE OUR OFFER WAS REJECTED AND WHEN WE ASKED ABOUT THE REASON THE NGO SAID IT IS BECAUSE OF THE DUPLICATE BIDDING BY THE SAME COMPANY ALTHOUGH WE PROVIDED ONE OFFER, IT TURNED OUT THAT AN EMPLOYEE IN THE NGO HAS PROVIDED A FAKE OFFER UNDER OUR COMPANY NAME WITHOUT OUR KNOWLEDGE**

### 6.3 CONTRACTING STAGE

Following evaluating the offers in a procurement cycle, the committee awards the contract to the winning bidder. During this stage, NGOs are exposed to many risks and issues. The most common is when a supplier requests a price increase or specifications change. Many other issues and risks are embedded in the following phases

#### 6.3.1 DELIVERY

Upon the delivery of products or services agreed upon in the contract, the following risks and issues may be encountered by the NGOs



**(1) NON-CONFORMING DELIVERIES (2) NO DELIVERY ORDERS (3) AID DIVERSION**




**(1) ENSURE THE CONFORMITY OF DELIVERY BY A THIRD PARTY (2) SURVEY THE SUPPLIERS UPON A DELIVERY TO SURFACE ANY NON-CONFORMING DELIVERIES BY OTHER SUPPLIERS**





**(1) SOME SUPPLIERS DELIVER PRODUCTS WITH ITEMS OTHER THAN AGREED (2) SOME NGOS REQUEST US TO CHANGE THE SPECIFICATIONS OF THE PRODUCTS OR TO MIX INFERIOR QUALITY PRODUCTS WITH GOOD QUALITY (3) AN NGO PURCHASED PRODUCTS AND RECEIVED HALF OF THE CONTRACTED ITEMS, AFTER DISTRIBUTING THEM, THEY RE-PURCHASED THE PRODUCTS FROM BENEFICIARIES AND RE-DISTRIBUTED THEM (4) AN NGO REQUESTED US TO CHANGE THE PESTICIDES TO LOWER QUALITY WITH THE SAME BAGS OF THE REQUIRED PRODUCT**

### 6.3.2 INVOICING

Invoices issued in Syria contribute a huge risk to the purchasing process. There is no financial entity that controls such processes, and that's why suppliers purchase pre-printed invoice templates or, in the best cases, print the invoice with letterhead and contact details of the company without a tax number or official monitoring.


 (1) 25% OF SUPPLIERS SURVEYED SAY THAT NGOS REQUEST A STAMPED AND SIGNED EMPTY INVOICE OR TO INCREASE THE AMOUNT OF THE INVOICE MORE THAN WHAT HAS BEEN AGREED (2) NO OFFICIAL ENTITY MONITORS INVOICE ISSUANCE (3) INVOICES ARE CHECKED WITH SUPPLIERS ONLY AT AUDIT "AFTER THE PROJECT CLOSURE" (4) MOST SUPPLIERS USE PRE-PRINTED INVOICE TEMPLATES WITHOUT A LETTERHEAD AND NUMBERING CORRESPONDING WITH THE SUPPLIERS' BOOKS


 (1) REQUEST THE INVOICE TO BE WITH LETTERHEAD, COMPANY NAME, ADDRESS, AND CONTACT DETAILS (2) SEEK ASSISTANCE OF A THIRD PARTY TO INSPECT THE INVOICES AGAINST SUPPLIERS' BOOKS AND IF THERE IS ANY DUPLICATION OR INCREASE IN THE AMOUNT AND IF THE NGO REQUESTS AN EMPTY INVOICE WHEN THEY OCCUR


 (1) NGOS REQUEST FROM US AN EMPTY AND STAMPED INVOICE BESIDE THE ORIGINAL (2) NGOS REQUEST US TO INCREASE THE AMOUNT OF THE INVOICE (3) NGOS REQUEST OUR INVOICE BOOKS AND STAMP TO STAY WITH THEM (4) AN NGO REQUESTED US TO ADD AN AMOUNT OF CAR WASH ON OUR LUBRICATING OIL INVOICE AS THEY COULD NOT GET AN INVOICE FROM THE CAR WASH SHOP

### 6.3.3 PAYMENT

Payments are made in cash, bank to bank, or bank to PTT account. Payment terms differ from one NGO to another, but most donors and audit companies request the payments to be via bank. There are many issues accompanying bank payments as follows

 (1) CONTRACTS ARE IN USD. PAYMENTS ARE IN TURKISH LIRA TRY, WHICH IS NOT CONVENIENT FOR NGOS AND SUPPLIERS ALIKE (2) PTT TAKES A FEW DAYS TO DELIVER THE CASH. DURING THIS TIME INTERVAL, THE NGO OR THE SUPPLIER TAKES THE EXCHANGE LOSS (3) PAYMENTS AFTER ISSUING INVOICE TAKES FROM ONE TO SIX MONTHS WHICH IS TOO LONG (4) MANY SUPPLIERS LOST INTEREST IN BIDDING BECAUSE THE LONG PAYMENT TERMS AND PAYING IN TRY (5) TRY IS VOLATILE. MOST OF THE TIME LOSE VALUE (6) SUPPLIERS IN EDLIB CANNOT OPEN PTT ACCOUNTS AS PTT IS NOT FUNCTIONING IN THE REGION. THEY MUST REGISTER THEIR ENTITIES IN AFRIN OR USE OTHER PEOPLE'S ACCOUNTS TO RECEIVE PAYMENTS

 (1) PAYMENT TO BE MADE ACCORDING TO THE FINANCIAL MANUAL AND SHOULD NOT TAKE TOO MUCH TIME "NORMALLY SEVEN TO FIFTEEN WORKING DAYS ARE ENOUGH TO MAKE THE BANK TRANSFER" (2) FIND A SUITABLE SOLUTION TO DELIVER THE PAYMENT IN USD ACCORDING TO THE CONTRACT TO AVOID BIG EXCHANGE LOSSES

 (1) WE TAKE A HUGE LOSS BECAUSE OF THE EXCHANGE RATES AS WE ARE PAID IN TRY (2) NGOS TAKE TOO MUCH TIME TO PAY OUR DUES, SOMETIMES 6 MONTHS (3) SOME NGOS PAY IN USD USING CASH TRANSFER AGENTS, WHICH IS CONVENIENT FOR US (4) SUPPLIER IN EDLIB: WE CANNOT OPEN PTT ACCOUNTS

## 7. RISKS

Source of Risk	Risk
Payments delays (months)	<ul style="list-style-type: none"> <li>- Reputation</li> <li>- Lack of Competitiveness</li> <li>- Cost Increase</li> <li>- Currency Fluctuation</li> <li>- Legal</li> </ul>
Procurement process delays (months)	<ul style="list-style-type: none"> <li>- Reputation</li> <li>- Lack of Competitiveness</li> <li>- Cost Increase</li> </ul>
Lack of transparency	<ul style="list-style-type: none"> <li>- Lack of Competitiveness</li> <li>- Reputation</li> </ul>
Incompetence in setting requirements and specifications	<ul style="list-style-type: none"> <li>- Bribery</li> <li>- Reputation</li> <li>- Manipulation of Selection</li> <li>- Lack of Competitiveness</li> </ul>
Requesting blank invoices or adding amounts to the original invoice	<ul style="list-style-type: none"> <li>- Cost Increase</li> <li>- Reputation</li> </ul>
Collusion	<ul style="list-style-type: none"> <li>- Cost Increase</li> <li>- Reputation</li> </ul>
Not adhering to evaluation criteria	<ul style="list-style-type: none"> <li>- Manipulation of Selection</li> <li>- Bribery</li> <li>- Reputation</li> </ul>
Specification tailored to specific suppliers	<ul style="list-style-type: none"> <li>- Manipulation of Selection</li> <li>- Bribery</li> <li>- Reputation</li> </ul>
Delivering low-quality products	<ul style="list-style-type: none"> <li>- Reputation</li> <li>- Project Delays</li> <li>- Cost Increase</li> </ul>
Poor Planning	<ul style="list-style-type: none"> <li>- Cost Increase</li> <li>- Manipulation of Selection</li> <li>- Shortage of Suppliers</li> </ul>

	<ul style="list-style-type: none"><li>- Project Delays</li></ul>
<b>Exchange Loss</b>	<ul style="list-style-type: none"><li>- Cost Increase</li><li>- Lack of Competitiveness</li><li>- Aid Diversion</li></ul>

ChainsBerg

June 28<sup>th</sup> 2022