



**NATO Support and
Procurement Agency
(NSPA)**

NATO UNCLASSIFIED

OPERATING INSTRUCTION (OI)

SOURCING FOR NSPA PROCUREMENT

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REFERENCES

- 1.1 NSPO Procurement Regulations No. 4200
- 1.2 NSPO Functional Directive No. 2200 on Acquisition
- 1.3 OI 4200-01 NSPA Procurement
- 1.4 OI 4600-20 NSPA Risk Management
- 1.5 OI 2401-01 NSPA Quality Management System
- 1.6 OI 2401-04 NSPA Definition & Monitoring of Contractual Quality Requirements
- 1.7 OI 4200-03 NSPA Supplier Performance Management
- 1.8 OI 4200-07 Debarment Operating Instruction
- 1.9 OI 4200-05 Purchase Card Programme
- 1.10 OP-P-2 NSPA Supplier Code of Conduct
- 1.11 OI 4200-06 Role of the Competition Advocate

SOURCING FOR NSPA PROCUREMENT

1. PURPOSE

This Operating Instruction (OI) seeks to ensure that sourcing is fully aligned with NSPA's principles and goals. It sets forth the rules to determine a supplier's eligibility for registration in the NSPA Source File, to receive NSPA solicitations and to submit offers. The OI identifies all NSPA personnel involved in this process and the principles guiding their performance to ensure the goods, services and works the Agency purchases, meet customers' requirements in compliance with the applicable policy and ultimately deliver value for money.

2. SCOPE

This OI applies to all sourcing activities (within the meaning of the paragraphs below) conducted under the provisions of NSPO Procurement Regulations 4200 and its Operating Instructions, in particular 4200-01, except for Foreign Military Sales (FMS).

3. DEVIATIONS

Unless otherwise stated, exceptions to, or deviations from this OI may not be made unless authorised and approved on a case-by-case basis by the Competition Advocate (CA) or the General Manager (GM) upon recommendation by the Competition Advocate.

4. DEFINITIONS

For the purposes of this Operating Instruction:

4.1 "Category classification" means a strategic approach to procurement where organisations target their investment at areas that contain similar or related products enabling focused opportunities for consolidation, efficiency and automation.

4.2 "Customer" means the NATO Member Nation or group of Nations (to include Partner Nations when approved by the Council), the NATO resource committees, the NATO entity (e.g. NATO Command or Agency) or other international entities when approved by the Council that as a budget holder has the authority to obligate and expend funds.

4.3 "Debarment" is a measure that renders a supplier ineligible to participate in NSPA procurements and enter into contracts with or involving NSPA following the determination, by NSPA, that said supplier has engaged or attempted to engage in a sanctionable practice.

4.4 "Electronic Auction" or "E-Auction" means a procurement auction performed electronically. The most common type of e-auction is "reverse auction".

4.5 “e-Procurement” means the solicitation, acquisition, purchase of supplies, services, and works, through electronic processes, particularly online platforms, electronic applications, Electronic Data Interchange (EDI) communication, etc.

4.6 “Handle with care” is an eligibility code in the NSPA Enterprise Resource Planning (ERP) system that identifies suppliers having issue(s) (e.g. poor performance, lack of certifications) requiring further investigation and monitoring by the Source Identification Section and Procurement Division (PP) staff. The issue(s) shall be brought to the attention of the Contract Award Committee (CAC).

4.7 “Lean” is a team-focused managerial approach that seeks to improve performance by eliminating resource waste and non-value-adding activities.

4.8 “NCAGE Code”, the NATO Commercial and Government Entity Code is a five-character alphanumeric code used to identify within the NATO codification system the manufacturers and suppliers of the items codified.

4.9 “Ownership or Control by Interests in Countries under Communist Control” refers to an entity located in a Communist Country whose government or nation can influence its management, activities or capital.

4.10 “Place of effective management” means the place where key management and commercial decisions that are necessary for the conduct of the entity’s business are made. It will ordinarily be assessed based on the place where the most senior person or group of persons makes its decisions, the place where actions to be taken by the entity as a whole is determined, or any other criteria deemed relevant by NSPA.

4.11 “Reverse auction” means a type of auction where there are multiple suppliers and one buyer and the sellers aim to outdo their competition by placing a lower offer bid for supplies, services or works placed for auction.

4.12 “Source” means a supplier who is a prospective bidder or contractor capable of meeting or delivering on a given requirement.

4.13 “Source File” is the NSPA database containing the information on registered suppliers or vendors to include relevant information such as: name, address, nationality, point of contact, cage code (if any), entity size, eligibility status and capabilities.

4.14 “Source File Application” is the questionnaire that must be completed and submitted to apply for the registration in the NSPA Source File.

4.15 “Source List” is the list of suppliers identified by the Source Identification Section as suitable bidders for the requirements of an upcoming solicitation.

4.16 “Supplier” is any private or public entity, or group, with legal personality and the capacity to operate responsibly in the market providing goods, works and/or services.

4.17 “Supplier Segmentation” refers to the process of differentiating suppliers through the application of a set of objectively pre-defined criteria.

4.18 “Suspension” is a provisional measure, which prevents a supplier from participating in NSPA procurements pending the outcome of debarment proceedings.

4.19 “Unsolicited Offer” is an offer received from a supplier outside a solicitation. An offer received from a supplier that was not included in the Source List of a solicitation that has been published openly cannot be considered “unsolicited”. However, in this case, the Source File registration and eligibility of the supplier is to be confirmed in order for the offer to be pre-registered and evaluated.

5. PRINCIPLES

5.1 Equality of Access to Public Procurement and Equal Treatment

Sourcing shall be performed to allow for strict compliance with the principles of equality of access to public procurement and the equal treatment of all suppliers in order to enhance the chance of a successful competitive process.

5.2 Transparency

Transparency is the guiding principle to ensure that sourcing is performed on behalf of NATO with honesty, compliance and integrity.

5.3 Competition

Above the low value threshold (i.e. Financial Level ‘B’), NSPA shall stimulate competition to ensure customers obtain the best solution pursuant to NSPO Procurement Regulations 4200 and the NSPA OI 4200-01.

5.4 Effectiveness

Sourcing shall facilitate the selection of suppliers through the receipt, retention and reporting of supplier eligibility and performance information. This is a key element in selection of the optimal source and minimises the risks for the delivery of requirements.

5.5 Centralisation

The Source Identification Section - as the Agency's primary actor in sourcing activities – acts as NSPA's focal point for industry, potential bidders and suppliers for registration-related questions. It consolidates registration and performance-related information submitted by the Programme Offices and Divisions (POD) throughout the Agency. It conducts category management when appropriate.

5.6 Agility

Upon early communication by the POD's about new potential activities and sources, while avoiding directed Procurement, Sourcing shall endeavour to make it possible to react quickly to customers' demand, market changes and shorten the lead-time between the requirement formulation and contract award.

5.7 Lean

Source identification, assessment and selection shall be conducted by eliminating all non-value-adding activities.

6. POLICY

6.1 Sourcing

6.1.1 Sourcing is the process of identifying and selecting suppliers to participate in NSPA solicitations. It directly relates to the successful accomplishment of the NSPO Charter objectives.

6.1.2 All NSPA suppliers shall meet and maintain the requirements for registration in the NSPA Source File, as set out in paragraph 8 below.

7. ROLES AND RESPONSIBILITIES

7.1 Competition Advocate (CA)

7.1.1 The CA has authority to approve single source and sole source requests in accordance with the procedures set out in reference 1.3.

7.1.2 The CA monitors and makes a reasoned final decision in case of approvals for debarments (cf. reference 1.8) and suspensions in accordance with paragraphs 10.1 and 10.2 below.

7.2 Procurement Staff

7.2.1 Buyers/Procurement Officers are responsible for recording the results of competitive solicitations in the Enterprise Resource Planning (ERP) system (Contract Administration).

7.2.2 Buyers/Procurement Officers shall report unsolicited offers to the Source Identification Section and solicit the addition of sources requested by the end users. Directed procurement is prohibited in accordance with reference 1.3.

7.2.3 Senior Procurement Officers approve single source requests as per reference 1.3.

7.3 The Chief of Source Identification Section

7.3.1 The Chief of Source Identification section has authority to approve sole source requests according to the financial thresholds stipulated in OI 4200-01 – NSPA Procurement Operating Instruction (cf. reference 1.3). Additionally, the Chief of Section is responsible for:

7.3.1.1 Evaluating and recommending the correct course of action in response to requests to contract with firms located outside NSPO Member Countries;

7.3.1.2 Contributing to information regarding potential sources in response to Price and Availability (P&A) requests;

7.3.1.3 Restricting suppliers from participating in procurement opportunities when authorised in accordance with NSPO regulations and NSPA instructions;

7.3.1.4 Monitoring supplier performance evaluation data, and recommending commercial firms be suspended or debarred from the NSPA Source File, where appropriate; and

7.3.1.5 Performing data analytics and reporting regarding the sourcing activity, particularly regarding competition levels and supplier performance.

7.4 The Source Identification Section

7.4.1 The Source Identification Section is responsible for:

7.4.1.1 Proactively identifying new sources while integrating market knowledge into the NSPA Source File. This also includes the activities of supplier segmentation and category classification;

7.4.1.2 Identifying new sources when those available sources registered in the Source File are not capable of meeting the customer's requirements, or the registered sources do not guarantee a sufficient level of competition;

7.4.1.3 Assessing sources to be registered in the NSPA Source File. It collects, centralises and evaluates information submitted by potential suppliers in the "Source File Application" and determines whether the requirements for registration in the NSPA Source File are met;

7.4.1.4 Requesting from the appointed National Authorities the national eligibility status and liaising for any update thereafter;

7.4.1.5 Performing the sourcing for the competitive requirements producing the appropriate Source Lists. Clearing those bidders that were not initially listed and have submitted a bid to a public solicitation.

7.5 The Market Research & Industry Information Section

7.5.1 In support of sourcing activities conducted by the Source Identification Section, the Market Research and Industry Information Section carries out market research and proactively identifies new sources suitable for performing contracts in line with NSPA goals to include:

7.5.1.1 The collection of (e)catalogues of national defence industry associations and other (non) government sources of supply, services or works relevant to NSPA;

7.5.1.2 The review of recent market research undertaken to meet similar capabilities;

7.5.1.3 Organising interactive communication sessions among industry, procurement personnel and customers. Company visits, Industry days and international exhibitions are tools for collecting information and feedback from the market as well as ensuring greater mutual understanding;

7.5.1.4 Developing new initiatives to improve competition, corporate communication with industry, market analysis and stimulating suppliers to register in the NSPA Source File;

7.5.1.5 Being the NSPA focal point for general enquiries from industry (i.e. outside a specific requirement, solicitation or contract) and liaising with national authorities and other institutions.

8. REQUIREMENTS FOR REGISTRATION IN THE NSPA SOURCE FILE

8.1 Only sources registered in Source File are authorized to participate in NSPA solicitations, except for P-Card and 'one-time vendor' purchases.

8.2 Companies or entities applying for registration in NSPA Source File and wishing to participate in a procurement solicitation shall meet the requirements set out in the paragraphs below.

8.3 Legal Personality

8.3.1 The applicant has under the legislation of a State the capacity to enter into contracts, acquire and dispose of property, and take legal action.

8.3.2 Evidence of the legal personality (e.g. registration extract, articles of incorporation) is usually required as part of the registration process.

8.4 Nationality

8.4.1 In accordance with NSPO Governance (cf. reference 4.1), NSPA's, Procurement shall normally be limited to firms or governmental services located within NATO Member Nations.

8.4.2 The nationality of companies or entities applying for registration will be determined based on:

8.4.2.1 Primarily, the country of incorporation or legal residence; and

8.4.2.2 Secondly, the location of the main production facilities and/or effective administration.

8.4.3 Both criteria shall remain within a NATO Member Nation and, preferably, the same Nation. Registration of companies or entities under a NATO Member Nation based on the criterion of incorporation or legal residence while the main production and/or effective administration are located outside a NATO Member Nation would factually circumvent the geographical limitation set forth by NSPO regulations and, consequently, will not be accepted.

8.4.4 The NSPO Procurement Regulations also foresee a number of exceptions where contracts may be let to firms in Nations that are not members of NATO. Companies located in non-NATO Member Nations may be registered in Source File when, at the moment of registration, one or more of these exceptions may be applicable to the applicant in relation with an on-going, upcoming or expected requirement. Applications where no exception is identified shall be rejected.

8.5 Current Capabilities

8.5.1 Companies or entities wishing to be registered in the Source File shall possess the necessary capabilities to supply goods, render services or works in the areas of activity stated in the application.

8.5.2 The stated activities shall be consistent with the incorporation documentation or official records. NSPA may require additional proof (such as catalogues and brochures) that the company has carried out the stated activities. Additionally, the applicant shall indicate its

own role or contribution to the production or commercialization of the related products, particularly whether it performs, for example, as:

- *Manufacturer or producer*: Individual, company, firm or corporation responsible for the physical production of an item;
- *Authorized/non-authorized dealer*: A trading agent who is a sales representative or a distributor acting for a manufacturer or a stockist, or who possesses stocks of the required supplies for sale;
- *Broker*: A trading agent who is neither a sales representative nor a distributor acting for a manufacturer or stockist and who does not possess manufacturing facilities or stock;
- *Stockist*: A trading agent who acquires and holds in stock material in anticipation of sale to prospective buyers;
- *Consultancy*: A person who provides expert advice professionally;
- *Logistics/transportation company*: Organization which provides its own or its leased vehicles for transportation or which provides freight forwarding or air express services.

8.5.3 For activities related to defence systems (e.g. radars, missiles, etc.), aircraft, ammunition and, in general, materiel or equipment considered critical or subject to qualified support, applicants shall provide documentary evidence of:

- Being an original equipment manufacturer (OEM), qualified producer or OEM's authorized dealer/distributor and/or repair companies up to the given maintenance level;
- Past performance, particularly in terms of contracts performed or being performed for the military of a NATO Member Nation(s) or NATO Partner Nation(s), governmental entities of a NATO Member Nation(s) or NATO Partner Nation(s) or, for a prime defence contractor(s) performing such contracts;
- Possessing the necessary equipment, staff, technical knowledge or data packages, licences, certifications, permits, etc.

8.5.4 The required evidence shall be recent, relevant and conclusive to the capabilities concerned.

8.5.5 Companies or entities with goods, services or works or, in general, capabilities with no reasonable or likely relation to NSPA on-going or expected requirements will not be registered in the Source File.

8.6 Financial Solvency

8.6.1 Companies or entities seeking to do business with NSPA shall possess a healthy financial situation guaranteeing the fulfilment of their obligations resulting from their commercial activity.

8.6.2 Such solvency is to be stated upon registration providing appropriate evidence such as financial statements, auditor reports, solvency letter from financial institutions, etc.

8.6.3 Companies or entities involved in or approaching bankruptcy type proceedings or presenting an irregular financial situation will not be registered in the Source File until appropriate solvency statements can be provided.

8.7 Adherence to NSPA Supplier Code of Conduct

8.7.1 Companies or entities wishing to participate in NSPA solicitations are required to comply with the NSPA Supplier Code of Conduct and state its acceptance as part of the registration process.

8.7.2 Applicants shall also acknowledge and accept the prohibition to use the NATO/NSPA logo without prior approval.

8.8 Eligibility Status

8.8.1 The eligibility status of a company or entity reflects whether, in accordance to its national legislation, it can participate in a public procurement solicitation and ultimately be selected for the award of a public contract.

8.8.2 This eligibility is usually determined by the favourable assessment of the above-referenced criteria, i.e. as per 8.3 – 8.7, and “prima facie”, the absence of any impediment or interdiction to do business with NSPA. Impediments to participate in a public contract can relate to pending fiscal or social security obligations, money laundering, fraud, conflicts of interests, debarment, etc.

8.8.3 Eligibility based on a negative assessment, i.e. absence of any known element preventing the company or entity from participating in a public procurement solicitation, will normally result in a “non-eligible” status and will allow the company or entity to register and participate in solicitations for commercial or non-critical items. This is the basic level required for a company or entity to be registered in the Source File.

8.8.4 Eligibility based on a positive assessment, i.e. it is conclusively determined that the company or entity meets all requirements to participate in a public procurement solicitation will result in an “eligible” status and will allow the company or entity’s wider participation, notwithstanding additional requirements, in solicitations matching its capabilities. This is the level required for suppliers to be considered in special categories, such as ammunition-qualified producers, OEMs of weapons and military systems, etc.

8.8.5 Upon receipt and screening of the registration applications, NSPA requests the national appointed authority to confirm the eligibility status of the companies registering in Source File. Based on the inputs provided, NSPA will assign the supplier status (cf. Annex I – Supplier Eligibility Status Codes).

8.9 Control or Influence by Nations Under Communist Regime or Subject to Embargo

8.9.1 Companies or entities that, despite being incorporated or located in a NATO Member Nation or NATO Partner Nation, are subject to control, whether directly or indirectly, by a Nation under a communist regime, subject to a UN/NATO embargo, or formally considered antagonistic to NATO, are not eligible to participate in NSPA business opportunities and, accordingly, will not be registered in the Source File.

8.9.2 Consequently, and particularly for areas considered strategic or critical, NSPA requires companies or entities applying for registration in the Source File to report their holdings or company structures, beneficial ownership, company administrators, etc.

8.9.3 NSPA will monitor this area in collaboration with NATO security bodies and the competent authorities in the respective NATO or NATO Partner Nation.

8.10 Special Registrations

8.10.1 Consortia, company partnerships or joint ventures with their own legal personality.

8.10.1.1 Consortia, company partnerships or joint ventures with their own legal personality separate from those of their members may be considered for registration if legally established and registered in a NATO Member Nation, and as long as their members are fully identifiable and meet the above eligibility criteria.

8.10.1.2 Consortia can include non-NATO companies as long as the total number of their shares does not exceed 30%, unless a deviation to NATO geographical limitation applies (cf. Reference 1.1).

8.10.2 Industrial partnerships or temporary joint ventures of companies without separate legal personality

8.10.2.1 Industrial partnerships or temporary joint ventures without their own legal personality, may be considered for registration only if legally established and registered in a NATO Member Nation under a regime of “joint and several liability”, and as long as their members are fully identifiable and meet the above eligibility criteria.

8.10.2.2 These partnerships or joint ventures can include non-NATO companies as long as the total number of their shares does not exceed 30%, unless a deviation to NATO geographical limitation applies.

8.10.3 Holdings and Industrial Groups

8.10.3.1 In the event of a holding or industrial group with multiple subsidiaries, each with its own legal personality and autonomous administration, usually those entities supporting the capabilities or producing the product required by NSPA are the ones to be registered, as long as they are also empowered to submit a binding offer on their own capacity and ultimately be party to a contract.

8.10.3.2 Other subsidiaries, or even business units without their own legal personality, can also be registered in the Source File for the sole purpose of participating in the administration of a contract, for example, as repair workshop, stock depot or physical address where items are being delivered or transiting through. In this case, the relation with the “mother” or “primary” company shall be established.

8.10.4 Subcontractors

8.10.4.1 For those contracts supporting strategic or critical capabilities, and hence requiring enhanced supply chain security, NSPA can request the prime contractor to provide visibility on the key or more relevant subcontracts, including the obligation for those subcontractors to register or be registered in the NSPA Source File.

8.10.5 Governmental Entities

8.10.5.1 Governmental entities may be registered in NSPA Source File as long as they have their own legal personality separate from that of the Nation and their statutes provide for commercial autonomy to be able to operate in the market on their own capacity.

8.10.5.2 These entities shall also be appropriately segregated from their respective Armed Forces or Ministry of Defence, NSPA's actual or prospective customers, to avoid any conflict of interest or the appearance thereof.

8.11 Registration Procedure

8.11.1 Applications for registration in the NSPA Source File will be initiated by the company / entity via NSPA's website, by filling in the Source File Application. The company / entity will provide the required information and evidence to allow NSPA to assess the applicant's eligibility.

8.11.2 The applicant is solely responsible for the information, documentation and points of contact provided, and their timely update thereafter. Any error, inaccuracy or omission, whether advertently or inadvertently, can result in the rejection of the application, particularly if deemed essential or relevant for the eligibility assessment.

8.11.3 Upon submission of the application, the Source Identification Section will perform a first screening of the applications within five working days of receipt, typically resulting in one of the following outcomes:

8.11.3.1 Positive preliminary assessment

The applicant will receive an approval with a Source File supplier number and the creation of an eProcurement account. In parallel, the Source Identification Section will request the national eligibility status from the appointed authorities.

8.11.3.2 Incomplete application

The Source Identification Section will notify the applicant listing the missing information or documentation, and give a reasonable deadline (within three to fourteen days) to complete the application. The notification will indicate that a partial, insufficient or simply absence of response will result in the application filed without registration, together with the impossibility to initiate a new registration in the following year.

8.11.3.3 Rejection of the application

If any of the registration requirements are not met by the applicant, the registration request will be rejected. The applicant will be notified accordingly within two working days with an indication of the causes for rejection as well as the possibility to ask for a review by the NSPA Competition Advocate. The request for such a review is to be filed within 15 working days following the receipt of the rejection notification. The Competition Advocate will review the rejection within 15 working days from its submission, directing the Source Identification Section to proceed with the registration or else confirm the rejection. In the former case, the Source Identification Section will complete the registration and inform the applicant accordingly. In the event the rejection is confirmed, the applicant will also be notified accordingly with the indication that no new application for the same applicant can be initiated within the following year.

8.12 Supplier Eligibility at the Moment of Bid Submission

8.12.1 The supplier eligibility in the Source File registration concerns the general suitability of a company or entity to participate in NSPA's solicitation for requirements in line with capabilities declared and duly recorded in the supplier's profile.

8.12.2 Suppliers submitting a bid in response to a NSPA solicitation shall be registered in Source File. However, in the event that bid submission by means other than the eProcurement portal is allowed (e.g. low value requirements) the Buyer will check in coordination with the Source Identification Section if the entity is registered.

9. BIDDER QUALIFICATION

9.1 Besides eligibility, there is the bidder qualification or selection, which addresses the degree of compliance or conformity with requirements specific to the scope of the solicitation and ultimately, the contract¹.

9.2 Qualification requirements are usually part of the requirement definition or bidding instructions in the Request for Proposal, and are assessed in the bid evaluation. Occasionally, the qualification of bidders can precede the actual solicitation in those processes with a pre-qualification phase, so that the access to the documentation and the actual competition takes place solely amongst fully qualified suppliers.

9.3 Supplier qualification or selection criteria will be relevant and proportionate to the requirement, and validated as part of the RFP preparation to ensure that they support effectively the evaluation of the bidders and their offers, without becoming unduly restrictive.

10. SUSPENSION AND DEBARMENT FROM THE SOURCE FILE

Suspension and Debarment are means to maintain the Source File as a living database that contains updated information and reliable sources.

10.1 Debarment

10.1.1 Debarment is a measure that renders a supplier ineligible to participate in NSPA procurements and enter into contracts with or involving NSPA following the determination, by NSPA, that said supplier has engaged or attempted to engage in a sanctionable practice, as defined in reference 1.8.

10.1.2 Debarred suppliers shall not be considered for NSPA solicitations, contract award, and for subcontracting assignments, except in special circumstances as detailed in Reference 1.8 – paragraph 11.

¹ For example, technical capability in the qualification criteria would usually be demonstrated through a minimum past performance, specific equipment, staff profiles or certain certifications needed for bid qualification. Conversely, from a financial point of view, rather than a general healthy financial situation qualification requirements can include a minimum turnover, credit, liquidity or guarantee.

10.2 Suspension

10.2.1 Unaffected by the debarment procedure mentioned under 10.1 above, NSPA can suspend a supplier from the Source File due to its unsatisfactory contractual performance or pending the outcome of the final determination on debarment (cf. reference 1.8).

10.2.2 A supplier can be suspended if:

10.2.3 Buyers/Procurement Officers have documented instances of non-compliance demonstrating unsatisfactory contractual performance causing NSPA (and its customers) financial losses or reputational damage or a history of repeated poor performance that has not been satisfactorily cured;

10.2.4 NSPA has documented unsatisfactory performance in the management of the contract (i.e. not providing documentation in a timely and accurate manner);

10.2.5 The Chief of the Source Identification Section or Procurement staff with delegated authority by the Chief Procurement Officer (CPO) conclude that immediate suspension is necessary to protect NSPA interest (i.e. serious risk of financial losses, NSPA's reputation risks). The Source Identification Section and CA shall be promptly informed and shall examine and take the necessary action on the matter as further described below.

10.2.6 The foregoing does not preclude supplier suspension or debarment resulting from proceedings initiated outside the process described within this OI.

10.3 Instructions for Suspension/Debarment from the Source File

10.3.1 If Procurement Staff detect grounds for suspension/debarment, the case shall be duly documented to the responsible Principal Procurement Officer and to the Source Identification Section for the appropriate action. In case of poor performance, a copy of the report shall be kept in the contract file after having notified the Source Identification Section of such. If appropriate, the Source Identification Section will flag the supplier with a comment "handle with care" in the ERP system.

10.3.2 The responsible Principal Procurement Officer will evaluate the case and if in agreement, will submit the recommendation for suspension/debarment to the responsible Procurement Division Chief. Before submitting the recommendation, the responsible Principal Procurement Officer will request input from all internal stakeholders in accordance with the requirements of OI 4200-03 (cf. Reference 1.7).

10.3.3 If in agreement, the responsible Procurement Division Chief will forward the recommendation to the CA through the Source Identification Section for decision. If not in agreement, the responsible Procurement Division Chief will inform the responsible Principal Procurement Officer of the reasons for the rejection. The responsible Principal Procurement Officer, in turn, will inform all Senior Procurement Officers (SPOs) involved and the Source Identification Section that the case has been closed.

10.3.4 The CA will notify the supplier in writing of the commencement of suspension proceedings, indicating the reason(s) for and the specific conditions of the envisioned suspension (e.g. the period of suspension) from the Source File. The supplier will be given 30 working days to provide the CA with documentary evidence to refute the basis for suspension or mitigating factors to consider. The letter will be coordinated with the responsible

Procurement Division Chief and then signed by the CA. In a case leading to a Debarment decision the procedure as per reference 1.8 will apply.

10.3.5 If the supplier responds within the allowable period, the CA will inform the responsible Procurement Division Chief and upon consideration of the evidence provided, will either decide to cease the suspension process or will notify the supplier of the decision to suspend. The decision will be made within 10 working days.

10.3.6 The decision of the CA can be appealed to an Award Review and Debarment Board within thirty (30) calendar days from notification of the decision. If the supplier fails to appeal within the prescribed period, the Competition Advocate's suspension decision shall become final and the Source Identification Section will record the information in the Source File and block the supplier from receiving future solicitations for up to 5 years in the ERP system.

10.3.7 Depending on the suspension decision, the Source Identification Section will block the supplier for all or only for specific Purchasing Group (partial suspension). The Suspension can be deemed as partial when it is limited to certain categories of materiel, services or works.

10.3.8 NSPA shall endeavour to suspend suppliers for a period that is reasonable and proportionate to the supplier's poor performance but which shall not exceed 5 years after the date of the suspension letter signed by the CA as per 10.3.4 above. The final decision on the supplier's suspension period remains with NSPA.

10.3.9 In order to be reinstated, a supplier shall submit documentary evidence explaining that the cause(s) for which the suspension was imposed, has/have been eliminated. The CA may decide to reinstate a supplier after coordination with internal stakeholders when it is demonstrated that the cause(s) for the suspension has/have been corrected.

10.3.10 The suspension of a supplier from participating in NSPA procurements does not necessarily entail the termination of valid purchase orders/contracts this supplier already has with the Agency. The decision to terminate such contracts remains with NSPA.

10.4 Source File Data Integrity

10.4.1 The Source File shall be populated with current and relevant information.

10.4.2 Suppliers are responsible for keeping their data in the Source File up-to-date.

10.4.3 Suppliers with obsolete information, outdated profiles, or the supplier's repeated failure to respond to solicitations for more than five consecutive years, will cause their status in Source File to be marked "inactive". This may lead to the exclusion of such suppliers from Source File. In such cases, the CA and the suppliers shall be informed, and an alert sent to the concerned supplier.

11. SOURCE SELECTION TO INITIATE OR ISSUE A SOLICITATION

11.1 Principles

The scope and methodology of the sourcing or source selection will vary depending on the type and value of the solicitation.

11.2 International Competitive Bidding (ICB)

11.2.1 Competitive requirements above Financial Level (FL) D require full international competition, conducted through open publication on the e-Procurement platform and notification to all potential sources.

11.2.2 The Source Identification Section will provide the Source List of all sources already registered in the Source File, also considering the suppliers proposed by customer(s) and the procurement/programme team, as well as interest expressed in response to the prior publication of Future Business Opportunities.

11.2.3 For those requirements where the suppliers registered in the Source File may not represent a reasonable and relevant proportion of the target market, the Source Identification Section, in coordination with the Market Research and Industry Information Section and the responsible Procurement team, will endeavour to identify additional sources and engage them into Source File registration and participation in the solicitation. Should there be too big a gap in the sourcing (e.g. not enough eligible suppliers) so as to jeopardise the outcome of the solicitation, additional activities such as industry days, request for information, letters of intent, pre-solicitation conferences, etc. can be undertaken.

11.3 Competitive Solicitation below the ICB Threshold

11.3.1 From FL B and up to FL D, competitive requirements will be competed amongst a number of sources proportionate to the value of the contract in accordance with OI 4200-01.

11.3.2 The Source Identification Section shall identify and carefully select the sources to ensure effective and reasonable competition with reduced time and effort.

11.4 Non-competitive Solicitations

11.4.1 For non-competitive solicitations, i.e. Sole Source or Single Source (cf. reference 4.3), the sources have been already identified and authorised. However, whether as part of the justification and approval of the proposed deviation or prior to issuing the RFP, the Procurement Officer or Buyer will still confirm with the Source Identification Section the registration and eligibility of the suppliers to be solicited.

11.4.2 For purchases qualified as “low value” (cf. reference 4.3), there is a general obligation to rotate sources to avoid favouritism and a fair distribution of NSPA business amongst suitable suppliers. In such cases, the Source Identification Section will support the request from the respective Procurement team by providing a list of relevant suppliers.

11.5 Sourcing for Significant or Major Military Equipment, Armament and Systems Subject to Configuration Control

11.5.1 Significant or Major Military Equipment, armament, ammunitions, aircraft support, and generic materiel or services considered critical for a defence system or personnel safety, will be solicited and purchased from the OEM, whether at part or equipment level or the system manufacturer/integrator level. In the event that direct contracting with the OEM is not possible, their licensed/authorized partners or distributors will then be solicited.

11.5.2 Specific governance (such as the restriction to “qualified producers” or geographical limitations to Support Partnership Member Nations) affecting prospective bidder eligibility or

qualification shall be sufficiently captured in the Purchase Request, considered in the source selection, clearly stated in the FBO and RFP documentation and finally, taken into account when the bids are received and evaluated.

11.5.3 For aircraft subject to airworthiness certification or, generally, defence systems with configuration control and maintenance policy requiring that only certified or homologated parts/systems are utilized, the appropriate identification, usually by NCAGE and Part Number, from the latest technical bulletin, maintenance document or approved configurations will be indicated in the Purchase Request and solicited primarily from the given OEM NCAGES, or failing which, the licensed/authorized partners or distributors.

11.5.4 Only in case of materiel that is obsolete, out-of-production or otherwise non-procurable from the OEM or its licensed/authorized partners or distributors, other sources such as brokers or dealers may be solicited with the appropriate past performance and other requirements that would minimize quality risks.

Stacy A. CUMMINGS
General Manager

ANNEX I - SUPPLIER ELIGIBILITY STATUS CODES

Code	Explanation
C	Eligibility approved by PP Division Chief: The PP Division Chief has authorised the waiver of certain companies without a DOE POC or in status O, which renders the company ineligible
D	Handle with care: Warning status, which means that the company needs to be treated with caution due to negative past experiences, e.g. certificate of compliance, poor performance. This doesn't mean that the company is not eligible. If the company is rated above FLD, the CO, Principal Procurement Officer or PP Division Chief can issue a waiver to the source file and use it under their responsibility for a specific PO or OA.
E	Non- ineligible with certificate of non-inegibility available: Declaration of Eligibility received from national authorities and the company is clear to do business with NSPA and to be awarded.
G	Government entity: A declaration of eligibility is not required as the organisation is linked to government activities or is part of a government body.
I	Eligible: When a Declaration of Eligibility is received by the National Authorities in response to an NOI for a particular NSIP Project, the Nation nominates certain companies that will be clear to do business with NSPA and for future contract awards.
N	Ineligible: The national authorities of the country where the company is located have not approved the validation of the company's ineligibility to participate in NATO contracts. In the event of a formal rejection by the national authorities, the company will be blocked in SAP ERP, preventing it from being awarded contracts.
O	Outside NATO: Eligibility code used for companies registered in the Source File that are not located in a NATO country and are eligible for registration under the exceptions defined in NSPO Procurement Regulation NR-4200.
P	Pending: Eligibility confirmation requested to the national authorities due to changes in company details and is awaiting a response on the eligibility status of the supplier.
R	Requested: The first request for eligibility has been sent to the national authorities but no response has been received. The supplier is not a clear to do business with NSPA but the company may receive RFP's and submit bids, in case of being considered for award, a waiver may be granted upon request by the buyer or the Procurement Officer in charge to their respective Principal Procurement Officer.
S	Special: Special conditions or remarks in the eligibility of the supplier.
V	Verification: A request for confirmation of eligibility has been sent to the national authorities and a response is awaited on the eligibility status of the supplier.
X	Exception: For contracts above FLD, X is a temporary status granted by the management who has issued a waiver to award a specific contract and supplier when the eligibility status is other than E or I.
Z	Security: Security restrictions against the supplier due to security issues or special clearances.

