Guidelines for procurement

1. General principles

The aim of IM's procurement guidelines is to make sure that a procurement process always is characterised by good business practice, is transparent, efficient, well administrated and properly documented.

All procurement processes shall be carried out in a way that minimizes the risk of corruption at all stages by making sure that:
✓ There is no discrimination between suppliers
✓ No gifts are accepted
✓ No personal gains are involved
✓ All forms of bribery are avoided
✓ Any business or personal relationship are declared

These guidelines apply to all purchases made by IM.

The guidelines are also applicable to partner organisations lacking procurement guidelines. A partner organisation can apply its own procurement guidelines if in line with this policy and the minimum monetary limits stated herein.

2. Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Procurements</td>
<td>The act of buying goods or services from an external source</td>
</tr>
<tr>
<td>Quotations</td>
<td>Refers to a bid or a given price by a supplier</td>
</tr>
<tr>
<td>Tender</td>
<td>Refers to a process whereby vendors are invited to present an offer, bid or price for the supply of goods or services</td>
</tr>
<tr>
<td>Tenderer</td>
<td>A person or company that puts forward an estimate of cost</td>
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</table>
3. Basic Rules

The basic rules apply to purchase of both goods and services. The monetary limits are stated in Swedish crowns but can be converted to other currencies as long as the value remains equivalent to the SEK amount. The limit can be adjusted downwards to a smaller amount, depending on the context, but never exceed the value in SEK.

The rules are also applicable when goods or services are bought from the same supplier at different occasions during a calendar year and the accumulated amount reaches the set limit.

<table>
<thead>
<tr>
<th>Category</th>
<th>PURCHASE OF GOODS OR SERVICES</th>
<th>PROCUREMENT RULE</th>
</tr>
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<tbody>
<tr>
<td><strong>IM</strong></td>
<td></td>
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<tr>
<td>A.</td>
<td>Value exceeds the amount equivalent to SEK 2,500,000</td>
<td>Open tender made public by advertisement in relevant media, and at IM’s web site. Four to eight tenderer are expected.</td>
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<tr>
<td>B.</td>
<td>Value less than SEK 2,500,000 but exceeding SEK 100,000</td>
<td>Competitive negotiations with at least three suppliers invited.</td>
</tr>
<tr>
<td><strong>IM INTERNATIONALLY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>Value less than SEK 100,000 but exceeding SEK 30,000</td>
<td>Established procedures by obtaining three quotations from suppliers.</td>
</tr>
<tr>
<td>D.</td>
<td>Value less than SEK 30,000</td>
<td>Good business practice applies.</td>
</tr>
<tr>
<td><strong>IM SWEDEN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E.</td>
<td>Value less than SEK 100,000</td>
<td>Good business practice applies.</td>
</tr>
</tbody>
</table>

Procurements shall meet requirements in respect of environmentally sustainable development and give due consideration to basic human rights as expressed in the ILO core conventions (www.ilo.org).

In case the local legislations in the countries of operation have more demanding requirements, than expressed in IM’s guidelines, the local rule shall be followed and the deviation should be justified and documented.
4. **Tender Process**

A proper tender process shall be followed for category A and B in the above table, and should include:

1) **Specification:** Detailed information regarding technical requirements, terms like delivery and support shall be presented. The specification should be neutral and state criteria, like; environmental factors, fair trade, and others that will be considered during the evaluation of the tenders.

2) **Invitation to tender:** In the case of procurement under category A, the tender should be open and publicly announced via advertisement in public media and on IM’s web page. In case of procurement under category B, the invitations can be sent directly to at least three identified suppliers.

3) **Tender opening:** A review committee, consisting of at least two persons shall evaluate the tenders. Members of the committee should declare any conflict of interest prior to the opening.

4) **Tender analysis and recommendation:** The review committee analyses the tenders in regards to the specifications. All aspects should be considered and evaluated. Negotiations and requests for additional clarifications from the tenderers might be needed. The committee presents its recommendation for a decision.

5) **Decision:** The approval of a tenderer and the reasons to why the tender was chosen shall be documented in a procurement decisions. The decision shall be signed by Country/Regional Director or Head of Department (in Sweden). All tenderer shall be informed of the tender is completed.

6) **Agreement:** An agreement, contract or any other approval should be signed with the winning tenderer.

7) **Receive goods or services:** When goods are received, or a service delivered, it should be checked and approved against the specification in the tender.

8) **Documentation:** All relevant documentation has to be archived for seven years.
5. Tenderer

Participation in procurements performed by IM shall be open on equal terms to both physical and legal persons.

A tenderer is disqualified and will be excluded by IM to participate in a tender process if:

- The tenderer is insolvent or subject to liquidation or in bankruptcy.
- The tenderer has been convicted or found guilty of any offense or serious misbehaviour concerning his/her professional conduct.
- The tenderer has not fulfilled the obligations related to statutory contributions in the country in which the tenderer has its registered office or in countries where services according to this tender will take place.
- The tenderer or persons authorised to represent the tenderer, or has a leading position at the tenderer, has been convicted of fraud, corruption, cooperation with criminal organisations, money laundry or other criminal activities.

6. Quotations

Quotation or price comparison applies to category C in the table, and includes the following:

1) **Specification:** The expected quantity, standard and price for the goods or services requested should be outlined.
2) **Requisition:** Good practice is that a formal request, based on the specifications, for the purchase is prepared and approved by a subordinate.
3) **Obtain quotations:** Quotations from reputable independent suppliers are obtained.
4) **Select supplier:** Quotations are reviewed and a supplier is selected based on price, quality, delivery etc. to ensure value for money. Negotiations might be needed.
5) **Decision:** The reasons to why a quotation was chosen shall be documented in a procurement decisions. The decision shall be signed by Country/Regional Director.
6) **Receive and check:** When goods are purchased, or a service delivered, it should be checked and approved against the specification in the requisition.
7) **Documentation:** All relevant documentation has to be archived for seven years.
7. Exceptions

Circumstances that might require exceptions from the procedures set out in the guidelines must always be justified, well documented and approved by a subordinate office or department, but shall never compromise good business practice and transparency.

Cooperation with other international actors or donors under basket funding and/or core funding might require deviations from the present guidelines. Humanitarian aid, confidentiality and war are other examples when specific decisions might have to be taken to surpass the guidelines.

Frame agreements, or service contracts, that run over time such as; audit firms, insurance, stationery suppliers, phone companies and similar, shall be reviewed every three to five years.

8. Documentation and Archiving

All procurements processes must be systematic and well documented. Files shall be kept and retained for a period of seven years from date final report on the application is made.

Relevant documentation:

- Invitation to tender
- Tenders
- Information on member of the tender committee
- Tender evaluation record and decision
- Shall also include reasons and decisions forming basis of any departures from the procurement rules.