



# WE EFFECT

# PROCUREMENT POLICY

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## 1 PURPOSE AND SCOPE

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Procurement is defined in this policy as the process of acquiring goods, works or services through buying, leasing, or renting by means of one of the established purchasing and procurement procedures. These procedures are outlined in this procurement policy.

The purpose of the procurement policy is to lay the basis for an efficient, cost-effective, best practice-based procurement and contract management process across the whole organisation, which is consistent with We Effect values, underpinned by the core principles of human rights-based approach (HRBA) and sustainable development. We Effect will engage with suppliers, contractors and service providers that respect and adhere to these principles and related standards.

This policy applies to all acquiring of goods, works and services by We Effect, as well as by partner organisations, using funds provided by We Effect.

Partner organisations should have their own procurement regulations; however, when the partner organisations are using funds provided by We Effect, their procurement regulations must comply with the core principles, key requirements for an efficient, sound procurement process, as well as standards and basic rules set out in this policy.

This policy forms the basis of We Effect global procurement manual and regionally adapted procurement manuals, developed in the regions. The regional procurement manuals, as well as any deviations from this policy shall be approved by We Effect Administrative Director.

## 2 PRINCIPLES, STANDARDS AND RULES

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### 2.1 Core principles

We Effect is a human rights-based organisation. We Effect safeguards human rights and follows the rights-based principles of transparency, accountability, empowerment, participation, and non-discrimination.

Respect for human rights and fundamental democratic principles, as well as commitment to social, economic, and environmental sustainability are the keystones of any procurement activity at We Effect.

### 2.2 Key requirements and standards

All activities in connection with acquisition of goods, works and services shall be conducted competitively and in accordance with good business practice, with the overarching aim of obtaining the best value for money, which stands for the most advantageous combination of cost, quality and sustainability over the product/service

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life cycle. The goods, works and services of the desired quality must be obtained at the lowest possible cost and at the most advantageous terms.

The procurement process must be carried out in a way that minimises the risk of fraud and corruption at all its stages, following these integrity standards:

- *equal treatment and non-discrimination of suppliers;*
- *no gifts accepted;*
- *no personal gain for anyone involved;*
- *no forms of bribery accepted;*
- *any business or personal relationship must be declared.*

### 2.3 Basic rules

The procurement process needs to be transparent, efficient, well administered and documented. All purchasing and procurement decisions need to be approved in accordance with We Effect Order of delegation of authority / Signing procedures.

Purchasing and procurement procedures to be applied, also referred to as procurement methods, must be determined based on the estimated purchase or contract value. The established procurement thresholds must be strictly adhered to.

## 3 TYPES OF PURCHASING AND PROCUREMENT PROCEDURES BASED ON VALUE THRESHOLDS

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### 3.1 Purchasing and procurement procedures overview

We Effect applies four types of purchasing and procurement procedures, depending on the estimated purchase price or contract value:

Purchasing or procurement procedure	Contract value	Threshold
Open tendering	equals to or is above A	<b>threshold A</b>
Selective tendering	is below A equals to or is above B	
Quotation procedure	is below B equals to or is above C	<b>threshold B</b>
Documented purchasing procedure	is below C	<b>threshold C</b>

### 3.2 Value thresholds

A value threshold refers to the highest purchase or contract value level permitted for each type of purchasing and procurement procedures, above which a stricter procedure is required.

We Effect global thresholds, approved by Sida, are as follows:

- Threshold A: 1.000.000 SEK
- Threshold B: 350.000 SEK
- Threshold C: 125.000 SEK.

These global value thresholds are inclusive of VAT and apply effectively only to Head Office. The Regional Offices shall adapt their thresholds to the local price levels and include in the regional procurement manuals the stipulated thresholds, expressed either in SEK or in the local currency or currencies.

### 3.3 Determining the applicable procedure based on the contract value

The type of purchasing and procurement procedure to be conducted depends on the estimated purchase price or contract value. The contract value or purchase price must be indicated inclusive of VAT.

When a contract value is estimated for the purpose of determining the applicable procedure, it must comprise all costs related to a particular contract. Any form of possible extensions of the contract must be included. The contract value is thus the total monetary value of a contract over its full duration, including possible extension. It should be not confused with an annual contract value.

The value thresholds and value ranges between the thresholds also apply for determining the applicable procedure when acquiring goods, works or services from the same supplier, contractor or service provider on different occasions during the same calendar year, as well as acquiring the same type of goods, works or services from different suppliers. In both of these cases, all possible future purchases during the same calendar year need to be taken into account in order to determine what procedure to apply.

Disaggregation of similar purchases of similar items, for the sole purpose of avoiding a higher purchase/contract value and thus a stricter procurement procedure, is not permitted.

## 4 PURCHASING AND PROCUREMENT PROCEDURES

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### 4.1 Procurement by tendering

Procurement by tendering refers to procedures for acquiring goods, works and services by means of a competitive tendering process.

We Effect applies two types of procurement procedures by tendering: open tendering to be conducted when the anticipated value of the contract equals to, or is above, the value

threshold A, and selective tendering that can be applied when the anticipated value of the contract, being above the value threshold B, is below threshold A.

The tendering procedures to be applied in the regions will be specified in the regionally adopted procurement manuals, with the regional legal requirements and business practices taken into consideration.

#### 4.1.1. Open tendering

Open tendering is a competitive procurement method that allows anyone interested in supplying the required goods, works or services to submit a tender in response to a public notification (an advert), giving notice of a tender opportunity. Due to the benefits of maximum competition, the open tendering proves the best value for money.

The disadvantage of the open tendering procedure as a procurement method is that the procurement process can be slow and costly unless the requirements in the tender documents are well specified, for potential tenderers to be able to determine their interest and prepare their tenders.

Open tendering may be conducted with or without prequalification proceedings. Open tendering with prequalification proceedings may be particularly appropriate for specialist or complex contracts, or contracts where there are only a few suitable suppliers, contractors, or services providers.

#### 4.1.2. Selective tendering

Under selective tendering, potential suppliers, contractors or service providers are allowed to submit tenders only by invitation. Pre-selected suppliers are those considered to be capable of delivering the required goods, works or services. In order to ensure sufficient competition, the number of invited, pre-selected tenderers should not be less than three.

Selective tendering can be based on the earlier undertaken tender process for a defined range of goods, works or services. The selective tender process shall then target either the prospective suppliers, holding a framework agreement, or those being on the list of pre-qualified, approved suppliers without holding a framework agreement.

Selective tendering based on the earlier undertaken pre-qualifying tender procedure is especially favourable for the procurements having a limited timeframe.

## 4.2 Quotation procedure

Quotation procedure is a procedure for acquiring goods, works and services, based on quotation comparison. It applies in case the estimated budget falls within the range between the value thresholds B and C or is equal to threshold C. The procedure entails contacting prospective suppliers directly to request prices, delivery timeframe and other applicable conditions.

At least three prospective suppliers should be contacted for quotations and a minimum of two eligible quotes are required to carry out quotation comparison. In case the number of eligible quotes is not sufficient, other prospective suppliers should be

additionally reached out for quotes. Thereafter, when the quotation comparison is conducted, the first eligible quote, received earlier, should be taken into consideration, too.

#### 4.3 Documented purchasing procedure

This purchasing procedure is conducted when the established budget for a purchase is below the procurement threshold C. The purchase decision, following the basic principles and rules, set out in this policy, shall be duly documented and approved in accordance with We Effect Order of delegation of authority / Signing Procedures.

## 5 AGREEMENTS

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### 5.1 Contracts

Successful procurement procedures for specific goods, works and services shall result in signing a formal contract with the selected supplier, contractor or service provider.

A contract is a legally binding document between two or more parties, which sets out the rights and duties of the parties. Applicable local tax regulations must be followed at all times, particularly when contracting individuals for provision of services. A valid contract fulfilling all legal requirements must be in place before any payments are done.

Purchases below a certain value, established in the region/at Head Office, can be done, and paid for, on the basis of a purchase order without signing a contract. The regional procurement manuals shall specify applicable procedures and requirements for documentation.

Supplier contracts shall not be longer than a total of four years, including any prolongations. After this 4-year period, a new procurement process must be undertaken.

No substantial modifications of a contract are permitted without running a new procurement process.

### 5.2 Framework agreements

A framework agreement with one or more supplier, contractor or service provider is an agreement establishing the terms under which contracts subsequently can be entered into with a provider of goods, works or services, or 'called-off' (within the limits of the agreement) when particular needs arise.

A framework agreement stipulates terms and conditions, in particular regarding the price and, where appropriate, the minimum and maximum quantity/amount likely to be required during the defined time period. These terms and conditions are applicable either to multiple purchases from the supplier, or to a future subsequent agreement/contract.

Framework agreements are always subject to procurement by tendering irrespective of the anticipated contract value. The type of tendering, open or selective, is determined

based on the estimation of the value of the framework agreements. When estimation of the framework agreement value is not possible, the recommended procedure is open tendering.

Framework agreements shall not be longer than four years.

Subsequent agreements, also known as call-off agreements, can be called off from the framework agreement during the period of the framework agreement validity. Where there is more than one suitable supplier available, there must be a secondary selection process to assess which supplier is likely to offer the best value for a set of specific requirements.

The advantage of the framework agreements is that they typically offer best value and contribute to minimising environmental and social impact, while saving time and other resources in the secondary selection process.

In case the terms and conditions can be sufficiently specified directly in the framework agreement, there is no need to enter subsequent agreements. An example of a framework agreement, following the procurement process, which does not require a subsequent contract with the service provider, is a framework agreement with a travel agency. Orders placed on the travel agency will follow the agreed terms and conditions, stipulated in the framework agreement, but will not require any subsequent contracts.

## 6 SPECIAL PROCEDURES

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### 6.1 Acquiring vehicles and land / property

Acquisition of vehicles and land/property by We Effect Regional and Country offices must be done through procurement by tendering and requires the prior approval of We Effect Secretary General. This approval cannot be delegated.

Acquisition of vehicles by partner organisations, foreseen by the project operational plan and budget, should follow the procedures established by the Regional Office and approved by the Regional Director.

### 6.2 Procuring audit services

Audit services must be procured through a tendering process irrespective of the estimated contract value.

Upon completion of the procurement process, the Regional Office shall conclude a framework agreement with the selected audit firm, indicating the maximum period of its validity, which may not exceed five years.

According to this agreement, the audit firm will provide audit services to We Effect for a maximum of five years before a new procurement of an audit firm is undertaken, or, alternatively, until the framework agreement is terminated on the initiative of any of the agreement parties.



Additionally, for each year that the audit firm will be engaged to provide the audit services, a specific letter of engagement, based on We Effect annual audit instructions, will need to be signed. The letter of engagement shall contain full terms and conditions of the service provision, including the audit fees, and is valid only for this specific year.