

PROCUREMENT GUIDELINES FOR OLOF PALMES INTERNATIONELLA CENTER AND FUNDS DISTRIBUTED BY THE CENTER

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These Guidelines are applied to the entire Olof Palme International Center and to partners who have contracts with and funds from the Palme Center including funds from Sida. However, if purchases are made with funds from the EC, special rules may apply. **NOTE! That if the national laws call for stricter procurement regulations, these are to be followed.**

1. Why procurement?

All development cooperation activities shall be characterised by efficient use of resources, the promotion of good administrative practices, transparency in the management of funds, the hindrance of corruption. The organisation always has the responsibility for procurements made by themselves or by their partners.

This means that the organisation, when purchasing goods and services, shall observe *good business practice* in their procurements. Where *competition* exists, it must be used. Tenders and bidders shall be treated *equally* to achieve competition on equal terms.

2. When to make a procurement?

- **For services and goods for the amount of SEK 75 000 or above, a written price comparison shall be made.**
- **For services and goods for the amount of SEK 284 000 or above shall be procured in competition.**

These price levels run over a 12-month period which means that you have to plan ahead. If a service provider/company will be used several times over a 12-month period, and each individual payment is below the price level, but the total exceeds the price level, a price comparison or procurement must be made.

Another scenario might be that when purchasing a service for the second time of the same company, you discover that it will exceed the levels for procurement/price comparison. In this case, a price comparison or procurement must be made.

A third scenario might be that a colleague has already used the service of the same company, and that in combination with your purchase, the total sum exceeds the level for procurement or price comparison. In this case a price comparison or procurement must be made. It is the responsibility of the person purchasing the service to check whether it is necessary to make a price comparison or procurement.

It is not allowed to divide a purchase into smaller parts to avoid a procurement.

If you are using an agency that books hotels, conference venues, tickets etc. this agency must be procured if the sum charged by the agency exceeds the price level. If the agency only charges you for their fee, which goes below the price level, whereas hotels etc. are paid directly by the organisation, a procurement does not have to take place. NOTE that the agency has to be aware of our procurement guidelines, so they in turn can obey to the correct rules.

A framework agreement follows the routines stated below, see 4. The difference is that in the terms of reference it must be stated that it is a framework agreement. The framework agreement has to be reviewed every second year.

3. Price comparison versus procurement in competition

A price comparison means that Terms of Reference (ToR) are drafted. Based on these ToR, the person in charge for the price comparison selects at least three options and makes a price comparison. The three options do not have to be from the same country. An invitation to tender does not have to be prepared; the options may for example be identified through an online search, etc. The terms of reference, the evaluation record along with the decision shall be documented in line with the procurement in competition, see paragraph 4.

A procurement in competition means that the Terms of Reference (ToR) are drafted. An invitation to tender must also be sent to at least three parties or advertised on a publicly accessible forum. This is the difference between a full procurement and a price comparison.

4. How to make a procurement in competition?

1. The terms of reference together with commercial conditions¹ shall be included in invitations to tender. It is important that the specifications are neutral. Where reference to a certain brand or trade name is necessary, “or similar” shall be added.
2. Invitations to tender shall be sent to at least **three parties** or **advertised in a publicly accessible forum** so that effective competition can be achieved. Participation in tender procedures is open on equal terms to all natural and legal persons. If not all the three parties answer the invitation to tender the procurement is still valid and you can continue with the tenders that you have received.

Tenders may not be invited merely for purposes of comparison. A company that is invited to submit a tender shall also be able to expect that it is being seriously considered as a supplier.

3. The make-up of the group of companies invited to tender should not remain permanently the same but should be varied from time to time. Tenders shall be handled by at least three persons from the organisation.
4. The evaluation of tenders must be documented. The tender accepted shall be the one that is considered most advantageous when all the criteria are taken into consideration. At least three persons from the organisation shall sign the evaluation of tenders.
5. In all procurements, the acceptance of a tender and the reasons for its acceptance shall be specified in a special procurement decision, which shall be signed by at least three persons from the organisation.
6. The successful bidder shall be informed in writing as soon as the decision is made. Unsuccessful bidders shall be informed as soon as possible.

5. Procurement of capital goods

Procurement of capital goods (products for permanent use) must be approved by the Palme Center in advance. If the initial cost of a capital good exceeds SEK 10 000, the cost of the good shall be spread over several years according to the depreciation regulations in the country where the capital good has been purchased and accounted for. If any value on a

¹ The commercial conditions specify your requirements in terms of contract duration/delivery time, delivery terms, warranties, penalties, payment terms, billing etc.

capital good remains in the end of the Project period, a new agreement shall be established to regulate the ownership of the capital good.

6. Procurement of inventories

In procurement of inventories (equipment, vehicles and accessories) to a value of 22 000 SEK or more, an agreement between the Palme Center and the partner organisation should be written, if it is decided that the inventories shall be owned by the partner organisation. This is to confirm that the inventories belong to the organisation even at the end of the project and that they do not accrue to the Palme Center or persons associated with the project.

7. Documentation of the procurement

All relevant documentation relating to procurements shall be kept for seven years. The document must include the Terms of Reference, the invitation to tender, tenderers' offers, the tender evaluation record and the decision.

Donors have the right to follow up and examine procurements made in projects where they finance all or part of the activities. All procurements must therefore be systematic and well documented. Donors have the right to inspect all documentation relating to these types of procurements.

8. Exceptions

In exceptional circumstances the organisation may consider itself obliged to make deviations from the rules for competitive procurements. Deviations from the rules shall be justified and documented. Such exceptions must be approved in advance by the Palme Center.

EXAMPLES OF EXCEPTIONS

- An organisation that acts through an international alliance or network that, in turn, has documented procurement rules may choose to follow the established rules by that party. This shall be regulated through an agreement between the organisation and the party concerned or in a documented approach to procurements by the organisation. The same applies to cooperation with the EU.
- Restrictions with respect to good business practice can be justified by participation in a trade blockade recommended by the UN.

9. Environmental and legal aspects of procurements

The organisation ensures that procurements made meet requirements for environmentally sustainable development and give due consideration to the basic human rights as expressed in the ILO's core conventions.

10. Exclusion from award of contracts

Contracts may not be awarded to candidates or tenderers which, during the procurement procedure:

- **are subject to a conflict of interests;**
- **are guilty of misrepresentation in supplying the information required by the Cooperation partner as a condition of participation in the contract procedure or fail to supply this information.**