oikos

cooperação e desenvolvimento

PROCUREMENT

| Procurement Procedures

INTRODUCTION

Consider the following regulations to be used at the headquarters and in all Oikos delegations and for all its activities.

This document does not invalidate, at any time, the specific knowledge of the procurement rules of the project funder.

In cases where the funder's procurement rules are more stringent than those provided for in this document, those of the funder must be strictly complied with. In the case of omission in this document of any procedure required by the funder, the regulations of the funder must be respected.

In case of doubt about the application of purchasing procedures, the headquarters of Oikos should be consulted.

1. PROCUREMENT REQUIREMENTS

All goods supplied and services provided must be consistent with the following requirements:

- Technical characteristics and satisfactory quality;
- Timely delivery or completion;
- Price appropriate to that practiced in the market without adversely affecting the economy or the efficiency of the operation;
- Correspondence to the best environmentally efficient and socially responsible alternative;
- Priority given to products of local (or regional as an alternative) origin, provided that this does not represent a conflict with the above requirements; and
- Regard for basic human, social and working conditions (including the non-use of child labour), and the principles of transparency, proportionality, equal treatment and non-discrimination.

The best price/quality ratio is the main criterion for awarding/score/acquisition. When the criterion is not manifestly clear in the documentation that supports the procurement process, a written justification must be attached to the process.
The provision of goods, work and services must be accessible to the largest possible base of suppliers according to criteria of impartiality, neutrality, and independence, with technical and quality criteria and with the commercial and compliance capacity of the suppliers.

Conflict of procedures

Whenever the donor's procurement procedures conflict with Oikos' internal procedures, the former prevail.

2. TYPES OF PROCEDURES

- Single offer: direct purchase. A single offer is necessary.
- Negotiated: contracting authorities invite suppliers of their choice to negotiate the terms of the contract.
- Open: open to all interested operators after the publication of the public notice.

3. RECRUITMENT PROCEDURES

Works/ Supplies/ Service Contracts

Amount	***Minimum Procedure***	***Minimum publication***
0 – 7 999 EUR	Single Offer	
8.000 – 99.999 EUR	Negotiated	3 offers
100 000 – 299 999 EUR	Open with Local Publication	Local The proposal must be publicly announced in a national newspaper. A copy of the advertisement must be archived in the procurement process. Deadline for receipt of tenders: minimum 30 days after publication
≥ 300 000 EUR	Open with International Publication	International The proposal must be publicly announced in a national newspaper, in a publication or website of European reference and on the Oikos website. A copy of the advertisement must be archived in the procurement process. Deadline for receipt of tenders: Minimum 30 days after publication

Type of Supply	*Amount*	*Minimum Procedure*	*Publication*
Medical devices and equipment	0 – 4.999 EUR	Single Offer	
	5 000 – 99 999 EUR	Negotiated	3 offers Local and national market
	≥ 100 000 EUR	Negotiated	Humanitarian Procurement Centres

Exceptions to procurement procedures

- In cases where the application of the rules is not possible, a justification must be sent, in writing, to the headquarters, which must issue a written permission. In the case of a project financed by an institutional donor, the project headquarters shall be consulted to assess the need for a request for derogation from the rule. **In no case may the contract be made before the authorization of the derogation.**
- For any provisions negotiated through a Humanitarian Procurement Centre, the Single Offer procedure applies;
- For primary emergencies and emergency interventions, duly recognized by the main donor of the project, and for contracts in an amount greater than 300 000 EUR, an international (non-regional) *procurement* is recommended, preferentially through a Humanitarian Procurement Centre.

4. PAYMENTS

Payments for goods and services shall consider the following rules.

Means	***HQ***	***Field Office***
Currency	0 – 149.99 EUR	0 – 499.99 EUR
Check/Bank Transfer	≥ 150 EUR	≥ 500 EUR

Exceptional circumstances may prevent the application of these rules, but such situations must be foreseen, previously agreed on between the headquarters and the delegations, as well as documented in writing.

In cases where the provisions/works/services are not fully delivered at the time of payment, the application of the following payment plan is proposed:

Object	***Amount***	***Payment Details***
Supplies	0 – 4 999 EUR	No advance payment
	5 000 – 49 999 EUR	100% in the case of immediate delivery. Up to 30% in advance, after signing the contract in the case of subsequent receipt of the goods.
	≥ 50 000 EUR	100% in the case of immediate delivery. Up to 30% in advance, after signing the contract in case of subsequent receipt of the goods. Partial payments < 30% whenever applicable.
Works/Services	0 – 29 999 EUR	Up to 30% in advance, after signing the contract.
	≥ 30 000 EUR	Up to 30% in advance, after signing the contract. Partial payments < 30% upon receipt of products/services (according to assessment, when applicable); 30% or more after the end of the work

Exceptional circumstances may be consented to by the headquarters before signing the contract/expense.
It is not advisable to pay for goods or services in full before delivery (except online purchases < 1 000 EUR duly authorized).

For contracts for the provision of materials and/or works involving an advance of more than €50 000, the tender notice must expressly provide that Oikos reserves the right to request a "first demand" bank guarantee issued by an internationally recognized bank. The failure to present this guarantee by the winner of the respective tender may result in its elimination from the process, Oikos reserving the right to enter into negotiations with the next immediately ranked qualified candidate.

5. APPROVAL OF OFFERS – TENDER COMMITTEE

Functions of the tender committee:

- Launch of offers;
- Technical analysis of tenders;
- Decision of the most appropriate offer;
- Preparation of the contract (if relevant)

After the decision of the tender committee, the expenditure must be approved, according to the structure set forth in point 6.

The following procedures are proposed, whenever possible:

Procedure	***Tender committee***
Single Offer	2 People: Procurement officer or staff with procurement responsibilities + Technical coordinator/technician responsible for the relevant sector or project coordinator. Final decision (in case of disagreement): Project Coordinator

Negotiated	
5 000 – 19 999 EUR	3 People: Procurement officer or staff with procurement responsibilities + Technical coordinator/technician responsible for the relevant sector + Project Coordinator Final decision (in case of disagreement): Project Coordinator
20 000 – 149 999 EUR	3 People: Procurement officer or staff with procurement responsibilities + Project Coordinator + General Coordinator Final decision (in case of disagreement): General Coordinator
Open with Local Publication	4 People: Procurement officer or staff with procurement responsibilities + Project Coordinator + General Manager + General Coordinator Final decision (in case of disagreement): General Coordinator
Open with International Publication	4 People: Procurement officer or staff with procurement responsibilities + Project Coordinator + General Coordinator + Project Dept. (headquarters) Final decision (in case of disagreement): Project Dept. (headquarters)

6. APPROVAL OF EXPENDITURE

Any element of the team can propose expenditures within its limit of autonomy and work description, which must be approved by the hierarchy of the headquarters/delegation before any contract.

Expenses must be approved according to the following structure and for each type of expenditure, whenever possible:

Works/Services/Supplies

Amount	*HQ Permission*	*Permission delegations*
0 – 4 999 EUR	Two authorizations between Department Director, Chief Executive Officer or Chief Financial Officer	Project Coordinator and Administrator. Alternatively, by the General Coordinator and General Manager
5 000 – 29 999 EUR	Two authorizations between Department Director, Chief Executive Officer or Chief Financial Officer	Coordinator and General Manager
30 000 – 149 999 EUR	Chief Executive Officer and Chief Financial Officer or Chief Operating Officer	General Coordinator and Project Department at Headquarters
≥ 150 000 EUR	Chief Executive Officer and Chief Financial Officer	General Coordinator, Project Department at Headquarters and Chief Financial Officer or Chief Executive Officer

Acquisition of Fixed Assets

Amount	*HQ Permission*	*Permission delegations*
0 – 4 999 EUR	Chief Executive Officer and Chief Financial Officer	Coordinator and General Manager
≥ 5 000 EUR	Chief Executive Officer and Chief Financial Officer	General Coordinator, Project Department at Headquarters and Chief Financial Officer or Chief Executive Officer

Nationality and Origin Rule

These should be applied according to the procedures and regulations of each funder.

7. ETHICAL AND ANTI-FRAUD CONDITIONS

Annex III – "Conflict of interest and code of conduct" applies. Annex III shall be made known to suppliers and attached to contracts for supplies, works or services.

Provider ineligibility

In the event that one or more of the following situations occur, candidates or suppliers are not eligible in a procurement process launched by Oikos or any of its partners with funds under the responsibility of Oikos, or they will be excluded from any procurement process, or the respective contracts will be terminated:

- Bankruptcy;
- Serious professional conduct or judicial conviction for professional misconduct;
- Failure to comply with social security and tax obligations;
- Proven practice of acts of fraud and/or corruption;
- Involvement in a criminal organization or any other illegal activity;
- Non-compliance with social or labour rights, either by suppliers or in the production of the goods provided;
- Use of child labour by the supplier as week as in the production of the goods supplied;
- Failure to perform contractual obligations relating to previous contracts with Oikos;
- Conflict of interest; or
- Failure to submit requested information.

If Oikos deems that its interests are being affected, it may make use of judicial mechanisms. Any misconduct by a provider that affects the interests of a donor must be reported to the donor in a timely manner.

Code of Conduct

Oikos, in a procurement process, shall guarantee:

- Transparency of the procurement process;
- Equal treatment between candidates;
- Non-discrimination of candidates.

Engaging with outside companies committed to selling goods and services is an activity potentially vulnerable to fraud. All employees with authority to carry out procurement must thus understand and incorporate the following code of conduct:

- Business shall be conducted ethically (see Business Ethics) in a fully impartial manner and with no preferential treatment;
- Maintaining integrity and confidentiality in the procurement process is of considerable importance.

Collaborators with authority to execute a procurement process must be aware of what constitutes a conflict of interest:

- The conduct of the staff should not raise any suspicion of conflict between professional duty and personal interests;
- No one shall solicit or accept, directly or indirectly, any gift, favour, entertainment, loan or any other thing with monetary value from sellers or potential sellers/suppliers. An exception to this rule is the offer of insignificant public relations gifts, the value of which is less than 20 USD, such as business newspapers, calendars or pens.
- Proposals/offers must not be solicited or contracted from any company that is held, controlled or actively influenced by any collaborator with procurement authority or by an immediate family member of the same;
- If a supplier has participated in the development of the specifications of a procurement process, it is recommended that these be kept as generic as possible in order to avoid any unfair advantage of the supplier who aided in the preparation process.

Business Ethics

All employees with procurement authority must consider the following ethical principles:

- Promote fair, ethical and legal business practices;
- Promote an environment of good faith and equal treatment, free from misinterpretations;
- Guarantee the confidentiality of all information, specifications and price quotes received;
- Not take sides with supplier mistakes but rather teach cooperation;
- Avoid causing unnecessary expenses or inconveniences at the time of requesting offers/proposals;
- Declare "exclusive information purpose" if an order does not reward a contract;
- Remain free from obligations with any seller;
- Conduct reasonable efforts to ensure a fair mutual agreement and without any controversy for the seller.

8. ACCOUNTABILITY AND PROCUREMENT ORGANIZATION

Recommendations for organizing procurement folders

All procurement activities must be fully documented. Likewise, employees with authority for the execution of procurement activities can show that funds are managed responsibly. The documentation must be complete and up to date in all processes.

Each "negotiated" or "open" procurement process must be documented in a folder containing the following information:

- Internal Requisition (Form 01.FIN – Internal Order Note)

- Name of the companies and contacts of the sellers/service providers requested;
- Copy of the advertisement or solicitation of offer (including exclusion criteria);
- Original offers/proposals from the vendors/service providers who have responded, including all related communication;
- Evaluation of offers/proposals or purchase permission, justification of seller selection and associated price;
- Justification in case of lack of competition when less than 3 offers are received;
- Copy of the Purchase Order or Service Contract including orders for inspection and insurance, where applicable;
- Shipping documents and permit documents (in the case of internal procurement)
- Copy of sales/service invoices; and
- Other documents and correspondence related to the contract.

Collaborators with procurement power must document, with a note duly signed and attached to the process, any anomalies or deviations from the policy or procedures that occurred in a purchase. Along with the note, all documentation that supports any issues that arise in an audit situation must be included.

The procurement folder must be archived with the administrative and financial documentation of the project and be kept 7 years after the final payment of the project or, in the extreme case, for the minimum time required by one of the project funders.

Contracts

The contracts to be established between Oikos and the suppliers, for the provision of goods, services and works must be drawn up according to the rules of good practices, include clear specifications or terms of reference on the goods/services/works to be provided (object of the contract) and all the elements that allow their evocation and rigorous handling. The contract must also obligatorily include the following elements:

- Reference to the quotation/offer requested (if pertinent);
- Date of completion;
- Payment plan;
- Permission for the control and review of the documentation related to the acquisition by the financing authorities or persons/entities mandated by them, both in Oikos and in the supplier;
- Permission for the verification of compliance, by Oikos, with the criteria provided for in point 7 (ineligibility of suppliers) and closure of the contract, in the case where one or more of the irregularities provided for in point 7 is verified.
- Guarantee, by the supplier, that it is not in any of the conditions of ineligibility provided for in point 6 (ineligibility of suppliers);

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ANNEX

ANNEX I

Specific requirements in procurement of pharmaceutical products and medical maintenance

- Oikos shall act in accordance with international pharmaceutical procurement standards and shall respect patents and regulations thereof for each country individually;
- The procurement of pharmaceutical products and medical equipment must have as its main objective to ensure the quality of the products purchased. To achieve this end, the start of the procurement process must be based on the pre-certification of potential candidates; and
- The purchase of medicinal products must be based on a pre-qualification scheme defined by the World Health Organization (WHO) or, alternatively, by a regulatory authority; a Non-Governmental Organization, a Humanitarian Procurement Centre or a specialised commercial operator that meets the pre-qualification standards defined by WHO.

Pre-qualification procedures are to be based on the following principles:

- Confidence in the information provided by the National Pharmaceutical Regulation Authority;
- Evaluation of product information and information produced by manufacturers, including product formulation, manufacturing, testing and results;
- General understanding of the production and quality control activities of producers and manufacturers and their commitment to principles of quality;
- Manufacturing practices (MP);
- Assessment of consistency in the production of products and quality control activities in accordance with the MPs, as described in the corresponding WHO publications and WHO supplementary MP guidelines;
- Evaluation of appropriate quality systems and Standard Operating Procedures;
- Samples and random tests of pharmaceutical products supplied;
- Appropriate purchasing mechanisms (see WHO MQAS);

- Good Storage Practices (GSP);
- Good Distribution Practices (GDP);
- Monitoring of customer complaints and respective follow-up; and
- Appropriate handling of complaints; and
- Constant monitoring and requalification.

- The selected criteria shall give priority to entities that hold at least one of the following certifications or equivalent: EN46001/ EN46002, ISO13485/ISO13488, Japanese Quality Standard 1128 for medical equipment, US Quality Standard - 21CFR, part 820, ISO9001/ISO9002, and ISO9001/2000.
- Medical devices must:
  - Meet essential requirements such as those described by the International Medical Device Regulators Forum Global Harmonization Task Force (GHTF);
  - Be produced in accordance with ISO Standards and/or other standards recognized by the GHTF;
  - Market the products according to at least one of the following regulatory authorities: MPALS License (Australia), Equipment License (Canada), CE Mark (EU), Equipment License (Japan), and Equipment Letter 510 k (USA).
- References to international standards are neither exhaustive nor definitive. Oikos shall take as a reference any international standards that are established as well as the updates and revisions of the above standards.
- The total cost must be considered, seeing that the selection may be influenced by other factors such as transportation costs, storage requirements and validity.

ANNEX II

Specific requirements for the purchase of food products (food aid)

- Whenever possible, priority will be given to the acquisition of products on the local market. However, a market analysis must ensure that the purchases made do not cause distortions affecting the market, in particular, the most vulnerable population.
- The food to be purchased must be in line with the eating habits of the beneficiary population and must be nutritionally adequate.
- Products must comply, both in their content and packaging, with international quality standards, or those of the country of origin or destination (respecting the strictest standard).
- Requests for quotations must specify, where applicable, the conditions of international purchases (Incoterm), applicable to the contract and identify the edition.
- Any insurance applicable to the transport of the purchased products must cover at least the value of the goods and all risks associated with the transport.
- Except in urgent actions, for contracts greater than 300 000 EUR, Oikos must hire a monitoring group to certify and ensure the quality, quantity, packaging and identification of the goods. In the documentation of the offer and the contract, Oikos must ensure that the monitoring group has access to all information, both from Oikos and the supplier, so that it can perform its work properly.
- Contracts between Oikos (or its counterpart) and the supplier must allow tolerance in weight and quantity of the goods and the subsequent reduction in price.
- Contracts between Oikos (or its counterparty) and the supplier must provide for price adjustments in the event of quality deviations or non-compliance with delivery dates.

ANNEX III

Annex to contracts

CONFLICT OF INTEREST AND CODE OF CONDUCT

1. The beneficiary of this contract shall take all necessary measures to avoid any situation which could jeopardise the impartial and objective performance of the contract.

2. Any conflict of interest that may arise during the performance of the contract shall be notified in writing and without delay to Oikos. Such a conflict of interest could arise, in particular, as a result of economic interests, political or national affinities, family or emotional ties, or any other relevant ties or common interests. In the event of a conflict of this nature, the beneficiary of this contract shall immediately take all necessary measures to resolve it.

3. Oikos reserves the right to verify the adequacy of such measures and, where it deems it necessary, may require that additional measures be taken.

4. The beneficiary of this contract shall ensure that its staff or directors, where applicable, are not in a situation that may give rise to a conflict of interest. Without prejudice to its obligation under this agreement, the beneficiary of this contract shall immediately and without compensation from Oikos replace any member of its staff who is in such a situation.

5. The beneficiary of this contract shall at all times act impartially and with appropriate discretion and shall refrain from making public statements about the contract.

6. Physical or degrading ill-treatment, threats of physical abuse, sexual abuse or exploitation, harassment and verbal abuse and any other forms of intimidation shall be prohibited. The beneficiary shall also inform the contracting entity of any breach of ethical standards or codes of conduct as set out in this clause. In the event that the beneficiary of this contract is aware of any violation of the aforementioned rules, it shall inform Oikos in writing within 10 days, maximum.

7. The beneficiary of this contract and its staff, where applicable, shall respect human rights, applicable data protection rules and environmental legislation applicable in the country or countries where the action is carried out, as well as internationally agreed core labour standards, such as ILO core labour standards, conventions on freedom of association and collective bargaining, elimination of forced or compulsory labour, elimination of discrimination in respect of employment and occupation, and abolition of child labour.

8. The beneficiary of this contract or any of its subcontractors, agents or staff shall not receive or consent to receive from any person or propose or consent to be given to any person or obtain for any person a gift, gratuity, commission or remuneration of any kind as an incitement or reward to perform or refrain from performing acts related to the performance of the contract or as recognition for having shown a favourable treatment or discrimination with respect to any person in relation to the contract. The beneficiary of this contract shall comply with all applicable laws and regulations and codes on the fight against bribery and corruption.

9. Payments to the beneficiary of this contract shall constitute the only income or benefit that may be obtained in connection with the contract, with the exception of income-generating activities. The beneficiary of this contract and, where applicable, its staff must refrain from exercising any activity or from receiving any gratuity that conflicts with their contractual obligations.

10. The performance of the contract shall not give rise to extraordinary commercial expenses. These could be, for example, commissions not mentioned in the main contract or not arising from a contract concluded as intended, commissions not paid in return for any effective legitimate service, commissions sent to a tax haven, commissions paid to a beneficiary not clearly identified or commissions paid to a company with all the appearance of a shell company. Oikos or any entity indicated, as well as the financing entity of this contract, may carry out the documentary or on-the-spot checks they deem necessary to find the evidence that corroborates the suspicion that extraordinary commercial expenses have occurred.

11. Compliance with the current rules set out in this Annex constitutes a contractual obligation. Failure to comply with its rules shall in any case be considered a breach of the contract and may be considered a "serious professional misconduct", which may lead to the suspension or termination of the contract, without prejudice to the instruction of legal actions and administrative sanctions, including the exclusion of participation in future procedures for the award of contracts.

Oikos – Cooperação e Desenvolvimento is a Non-Profit Association, internationally recognized as a Non-Governmental Organization for Development. We believe in a world without poverty or injustice, where human development is equitable and sustainable at both local and global levels. For this reason, we have assumed the mission of eradicating poverty and reducing inequalities so that all people may enjoy the right to a dignified life.

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