

ALLY ORGANIZATION PURCHASES

INTERNAL POLICY

CODE: INV- PP Ally
Organization
Purchases
PREPARED BY: DAF and DI

REVIEWED BY: Executive
Team

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Our Mission

"Operating from the global south, we foster collaborative processes to drive systemic changes for human dignity and planetary care."

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1-DOCUMENT TYPE

INTERNAL POLICY: derived from INV - PG Social Investment Management

2-BACKGROUND:

This policy is established in a collaborative framework, promoting sustainable relationships, with solid and lasting foundations. Fundación Avina's intention is to offer ally organizations general guidelines for purchase management and enable them to:

- ensure transparency and objectivity in the processes.
- select the best proposal, based on suitability, austerity and optimization of resources during the purchase or hiring process.
- operate with complete neutrality and independence, avoiding any personal ties or interests when making decisions.
- ensure the use of objective, weighted, measurable and verifiable criteria in the hiring process.
- comply with the current legal norms in all of our actions.

3-OBJECTIVE:

This policy sets out guidelines and instructions for purchases made by Fundación Avina's ally organizations to provide objectivity, transparency and effectiveness to ensure that purchasing is managed in line with the principles and values of Fundación Avina.

4-SCOPE:

This policy extends to purchasing and hiring actions undertaken by Fundación Avina's ally organizations, when using resources provided by Avina.

The donor may demand additional or higher requirements than those established by this internal policy, in such cases the guidelines set forth by the donor shall prevail. The criterion will be to match the highest possible standard.

5-DEFINITIONS AND ABBREVIATIONS

Milestones: This refers to a meaningful event, symbolizing an achievement, a turning point, a highlight in the project. A milestone is:

- The completion of a phase
- The scope of an objective
- An expected outcome

OFAC: U.S. government list of companies whose vendors have undergone due diligence verification.

6-PURCHASE GUIDELINES:

6.1- SUPPLIER SELECTION CRITERIA



Our allies must comply with the following guidelines for purchases or hirings financed with resources provided by Fundación Avina:

- Select and hire suppliers that meet legal, technical and ethical criteria in their management practices.
- Ensure that the supplier is a reliable company/person who can fully comply with the requirements.
- Hire suppliers with social and environmental responsible practices; for example: certified B corporations, working in the sector of fair trade or solidarity economy.
- Stimulate the local economy as much as possible, by prioritizing local suppliers and hires, both in the place where the investment is made or the ally's place of origin.
- Prioritize, even for better quality and price, products or services resulting from production and management processes based on strategies designed to eliminate or mitigate pollutants.
- Rule out products or services that involve child labor or labor exploitation, pursuant to the provisions of the International Labour Organization (ILO);

- Exclude companies/individuals that have been convicted of corruption, fraud and other misconduct.
- Selected suppliers must be verified in [OFAC](#) in order to guarantee their background checks.

Once the supplier is selected in compliance with the previous guidelines, the following must be done:

- 1) Establish a formal relationship with suppliers, keeping backup in writing of all negotiations and budgets that grant management transparency.
- 2) Suppliers must submit documents to prove their existence in compliance with local laws and regulations.
- 3) Payment shall be issued to suppliers in a timely manner pursuant to the conditions agreed upon in the respective contracts, quotes, invoices or purchase orders.

6.2 - CONDITIONS FOR THE EXECUTION OF PURCHASES



To start the execution of funds, the recipient(s) must comply with the following prerequisites:

- [Signing of Avina's Agreement](#), which implies prior compliance with the requirements and demands established in the general policy of Social Investment Management and the signing of the respective agreement with Fundación Avina.
- [Keep the administrative and technical records of the project up to date](#), including all monitoring and accountability requirements defined by Fundación Avina.

Upon initiation of the execution of funds, the allies commit to:

- [Respect and comply with the procedures set forth by Fundación Avina's](#) internal purchase process to ensure their transparency and competitiveness.

- Provide all the information required by Fundación Avina for **monitoring and evaluation purposes** according to the internal policy on Achievements.
- **Accountability pursuant to the contract** (budgets - milestones - narrative report - financial report and other requirements established in the Social Investment General Policy), non-compliance with this condition shall lead to the immediate suspension of funds disbursement.

6.3 - PURCHASE PROCESS MATRIX

Allies will carry out purchases or contracting of services according to the following process:

RETAIL TYPE	AMOUNT	NEEDS ASSESSMENT	RETAIL PROCESS	DOCUMENTS	COMPLETION
Consulting Services	< US\$5,000	Project Budget	DIRECT HIRE	Proposal and Quote for Consulting Services according to TOR	Consultant contract according to TOR
	> US\$5,000	Project Budget	CONSULTANT SELECTION	Quote and Evaluation of 3 Consultants- fill out evaluation form	Consultant contract according to TOR
Materials, Equipment and Services for the Project (travel, accommodation, per diem, transport and others)	< US\$3,000	Project Budget	SOLE SOURCING	Quote or Cost Estimate Requested from the Supplier	Supplier Invoice
	> US\$3,000	Project Budget	SUPPLIER SELECTION	Comparison Table from 3 Suppliers	• Service Contract (if applicable) • Supplier Invoice

6.3.1 HIRING CONSULTING SERVICES

When hiring consulting services, the **technical proposal** must be evaluated, analyzing the scope, content and development of the consulting services, as well as the **financial proposal**, including consulting services fees and execution deadlines. Both aspects are relevant and defining aspects at the time of hiring consulting services.

Requirements for hiring Consulting Services

1. The amount agreed for the service must consider all aspects necessary to fully comply [with the contract](#), preventing possible unforeseen events from generating controversies or hindering the completion and quality of the work entrusted; it is important to explicitly include all expenses related to possible travel and the way to account for them.
2. Every consulting process must include a [Terms of Reference \(ToR\)](#) document outlining the detailed scope of the service and the responsibilities of each party under contract. These are bilateral agreements, which serve as the basis for the consulting process.

Information to be included in the ToR

- Purpose of the service
 - Duration, including start date and completion date
 - Expected Outcomes
 - Budget (when it is not a quality and cost assessment)
 - Progress schedule, method of review and approval
 - Due dates and deliverables
 - Partial and total payment dates
3. The payment of the service must be associated with [attainment of milestones](#), providing for the last milestone to include the delivery of outputs, as agreed in the contract, which should be a requirement for making the last disbursement.
 4. The parties shall be bound to respect the [intellectual and industrial property](#) of the other party, striving to protect each other's rights and adhering to the rules prepared by each party concerning their use. The parties commit to refrain from utilizing any information, publications, writings, logos, trademarks, or similar materials without the express prior consent of the respective owner. This is intended to safeguard the intellectual property rights of each party.
 5. The ally and Fundación Avina will be holders of [copyrights](#) and all other rights arising from the entrusted works, in all countries and without any limitation. Consequently, it shall have the right to edit, copy edit, print, publish, disseminate, sell all or part of these rights in any form and in any language, always mentioning the name of the author in every publication.

6.3.2 EXCEPTION TO THE CONSULTANT SELECTION PROCESS:

As an exception, the hiring of consulting services will not be carried out through the consultant selection process, but will be done through **Sole Sourcing**.

The grounds and rationale for this type of contract must be recorded in the hiring process and require a more rigorous validation and justification process to ensure transparency in the process and consultants' independence.

Sole sourcing is allowed in the following situations:

- 1. EXCLUSIVE CONSULTANTS:** this applies only in cases where the consultant is qualified and has experience that responds specifically to the requirements set forth in the Terms of Reference. This refers to situations in which it is not possible to find other proposal(s) meeting the established requirements, since these are consulting services of a very specific technical nature and require the consultant possess top level specialization and expertise.
- 2. RENEWAL OF EXISTING CONTRACTS:** this is a continuation of a previously performed job in which the supplier was selected through a due selection process.

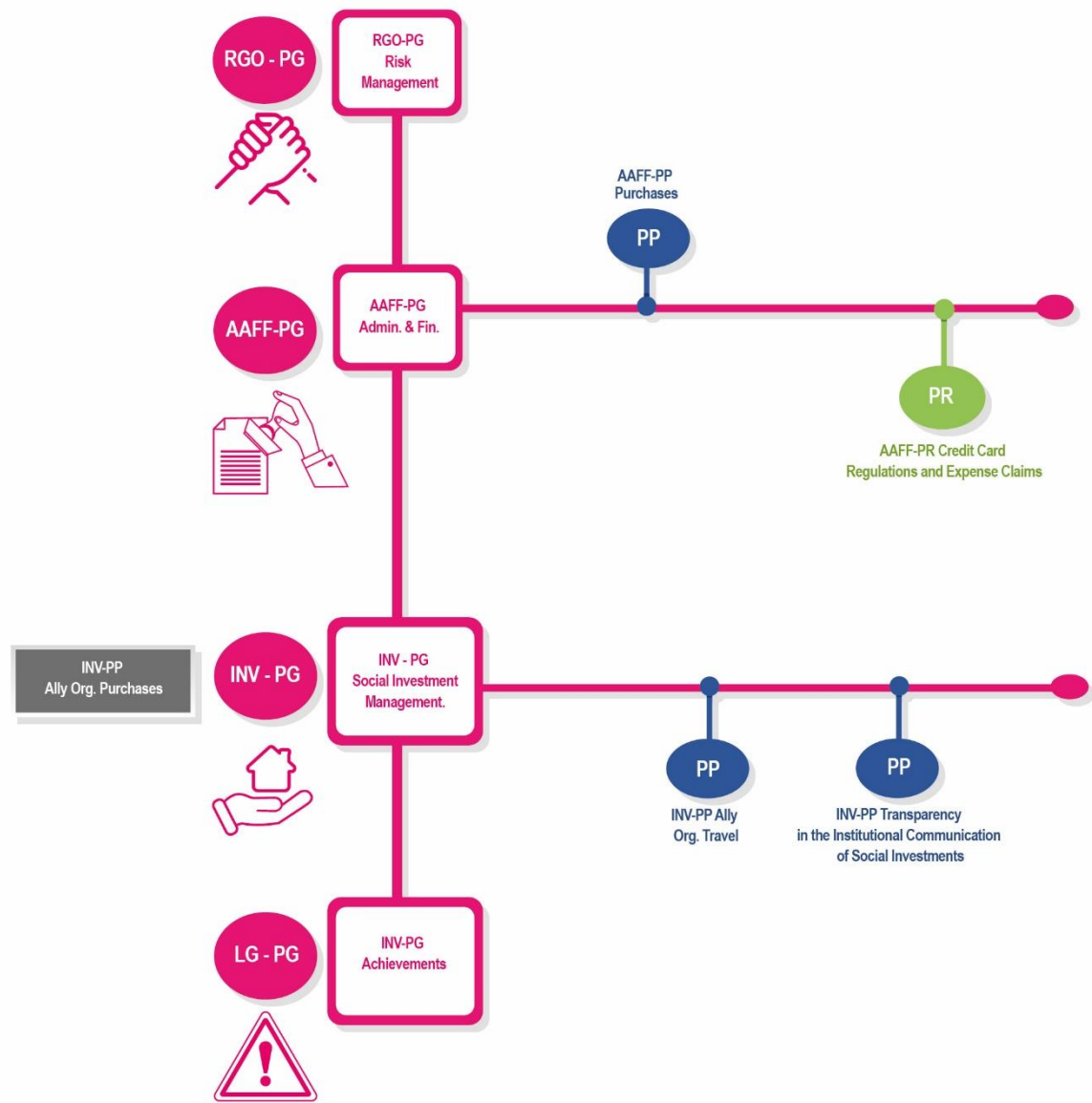
7-RESPONSIBILITIES:

Avina Project Manager:

- Approves project budget
- Reviews the accountability and checks if the execution is in line with the approved budget, and, if necessary, may request supporting documents to verify compliance with Fundación Avina Internal Policy on Ally Organization Purchases
- Approves accountability

8-RELATED DOCUMENTS:

This policy is linked to the following policies and procedures:



9-GRAPHIC SUMMARY:

ALLY

- **Ensures** that the retail/hiring is included in the budget of the project approved by Fundación Avina.

Requires from Supplier:

- Comprehensive proposal
- Trade register
- Operating endorsement or similar (if applicable)
- Request and verification of trade referrals

Defines with Supplier

- Cost, term, method of payment
- Guarantees-if applicable
- Frequency and area of delivery-if applicable

- **Cofirms purchases/hiring** ensuring the process meets the guidelines established by Fundación Avina.
- **Validates** that products, materials and services rendered comply with the contract.

- **Submits an Accountability Report pursuant to Avina's Guidelines:**
Reports- Narrative-Financial – Verifies Compliance of Milestones

AVINA

- **Approves** project budget

- **Reviews the accountability and checks** if the execution is in line with the approved budget, and, if necessary, it may request supporting documents to verify compliance with Fundación Avina Internal Policy on Allies Retail.

- **Approves** the Accountability