

Procurement Management Policies

Procurement Management Policies IDRT

A significant number of the CFGB co-funded projects include the local purchase of large quantities of food commodities for distribution. In addition, from time to time, other projects require the purchase of large amounts of goods and services. The reason for this policy and procedure is to give reasonable assurance of purchasing the best quality goods at the best price. Tendering is an important process and should be handled with transparency, accountability and integrity. The policy is designed to be transparent so that suspicions of influence or of corruption will not arise.

Policy as per Procurement is as follows:

- All major procurement must be negotiated, handled and paid by World Renew and not by implementing partners, except as authorized by the appropriate World Renew Project Manager or Team Leader.
- A tendering process should be followed when the estimated value of the goods required exceeds US \$15,000 (or as directed by a Funding Donor to the Program)
- Multiple quotations (at least three, if possible) must be obtained for purchases that are expected to cost less than US \$15,000
- Rules and guidelines of the Funding Agency are to be followed when external funding is received and the Funding Agency has rules and guidelines regarding procurement and tendering.
- The CFGB Procurement Management Manual should be the guide for all food procurement with CFGB funding.

Procurement Management Policies CFGB

Procurement is the acquisition of goods and/or services at the best possible total cost, in the right quantity and quality, delivered to the right place, at the right time, and with the maximum impact and value for beneficiaries.

The detailed objectives for staff involved in the procurement process are to:

- Buy quality commodities, items and services economically from reliable sources
- Ensure timely delivery
- Obtain quantity discounts and efficient service from suppliers
- Continuously locate, evaluate and develop economical and reliable supply sources for future purchases
- Identify the most reliable sources of supply through either open tender or pre-qualifying suppliers and retaining only those that are capable of meeting Foodgrains Bank's requirements outlined in the CFGB Procurement Management Manual
- Monitor trends in market prices
- Buy in accordance with CFGB's policies
- Effectively manage the level of inventory stored in warehouses to meet internal and beneficiary needs, while minimizing costs.

Policy as per Procurement is as follows:

Procurement should be carried out in line with the CFGB Procurement Policy which is as follows:

- CFGB may purchase food and seed produced in any country with untied aid developing and developed. When sourcing food and seed, the following criteria will be taken into account:
 - Cost – effectiveness:
 - Timeliness of delivery
 - Type of food and seed required
 - Benefits to developing country farmers, especially smallholder farmers

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- Potential negative impacts on local markets
 - The impacts of local and regional purchases on markets should be analyzed and monitored from both the perspective of the producer and the consumer. Purchases which cause local price increases should be discouraged, as it can reduce local people's access to food.
 - Prior to making purchases, implementing partners and/or member agencies, must obtain the explicit/written approval of CFGB
 - Auditable financial reporting which details all expenses, purchases, contracts and receipts must be provided to CFGB.

Procurement Management Procedures

1. Introduction: The IRM (International Relief Manager) (or person in charge of the field) should be familiar with and follow tendering rules and guidelines of the Funding Agency or Donor(s), such as CFGB, CIDA, Foods Resource Bank, and USAID. This information is available from the World Renew Home Office.

The guidelines below are minimum standards, and are applied even if only World Renew funds are used, or if a Funding Agency does not specify rules and guidelines.

The following process applies to a private tendering process. When the expected cost of the goods required exceeds US \$750,000 a public tendering process is to take place in consultation with the Project Manager.

2. Pre-qualification. *(to determine if potential bidders/suppliers are able to deliver the goods within the terms of a possible contract)*

With the assistance of Senior Project Managers and local contacts, develop a list of potential suppliers in specific fields (such as food, seeds or transport). It will be helpful to obtain an understanding of the local practices of trade in the product you are purchasing. The pre-qualification should be based entirely on the ability of companies to perform the work and/or produce the goods in a satisfactory manner, taking into account:

- Experience, necessary certifications and past performance on similar contracts in particular with other NGOs
- Capability with respect to personnel, equipment and plant
- Financial capability/viability to carry out the contract to termination

Another strategy to gain information on potential suppliers is to place an advertisement in a local newspaper.

See the sample invitation for tenders advertisement in Annex One:

3. Invitation to tender:

As indicated above a tendering process should be followed when the estimated value of the requirements exceeds US \$15,000. For a proper tendering process, at least three qualified sources are available and the requirements can be clearly defined and specified so that the lowest price fully responsive bid can be accepted. Tenders that fail to conform to the total requirements should be classed as non-responsive and should be rejected.

The invitation to tender should afford an equal bidding opportunity for pre-qualified suppliers and should enable World Renew to achieve the best value for money

The invitation to tender should clearly outline:

- The products you are buying, the quantity, any appropriate standards the quality, product identification, or product name
 - The packaging, (such a product delivered in unused polypropylene bags at 50 kg per bag)
 - Further specifications: cleanliness, dryness/moisture content, color, etc.
 - Transport or where the goods will be received – be specific, and confirm that this is where World Renew obtains ownership of the commodities
 - Timing of deliveries
 - Any guarantees of the product, for example as to weight and quality
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- Sales taxes (VAT) and any other duties
 - **Certifications, if any are required. See the example attached of the Certification of Country of Origin required for CFGB projects.**
 - World Renew will outline payment terms, based on local practices
 - World Renew will state how many days the tender price will be valid
 - Request the price per specific measure i.e. Metric Ton, Litres, etc
 - Allow bidders for smaller quantities, with partial bids subject to a stated minimum proportion of the total

The invitation should indicate:

- The location where the tender must be delivered
- The due date and the hour by which the tenders will be accepted
- Late tenders will be disqualified.
- The purchaser reserves the right to accept or reject any or all bids, in whole or in part.
- The lowest bid will not necessarily be awarded the contract.

4. Process of awarding:

- A committee that will include at least the IRM/Program Manager, and other key stakeholders, (such as the financial officer of the partner organization, the National Relief Manager, the World Renew Country Consultant) shall open all the tenders in a private meeting.
- Minutes of all activities, transactions, and decisions of the meeting will be taken and distributed to all attendees, with a copy sent to the Senior Project Manager
- A spreadsheet will be prepared at the meeting that will include at least the following information:
 - The name of the bidder
 - Confirmation that the bidder is qualified
 - Confirmation that the bid meets the requirements (including any exceptions)
 - The price
 - Justification for the awarding of the successful bid
- A discussion will take place on the pros and cons of each bid, and a decision must be reached based on the available information. That decision will be forwarded to the Senior Project Manager as a recommendation. The Senior Project Manager will review the recommendation and confirm the decision in a prompt manner. For CFGB projects, the recommendations must be approved by CFGB staff before the purchase decisions are final.
- A sample of the minutes of a meeting, the spreadsheet analysis and a tender investigation report follows this procedure section.
- The successful bidder shall be notified of award of contract as soon as possible after acceptance of the bid.
- All unsuccessful bidders will also be notified at that time

5. Awarding the contract or purchase order:

- Specifications and conditions in the contract or purchase order must be consistent with the specifications and conditions contained in the bid solicitation documents and agreed by the successful bidder in their tender/quotation.
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