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Feed the Future Bangladesh Aquaculture Activity

November 10, 2021



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Procurement planning and execution



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WHAT IS PROCUREMENT?

- **Procurement** is the process of sourcing and acquiring all of the goods, services, and works an organization needs to operate and fulfill its business purpose.





DEFINITION

The purpose of the procurement policy is **to establish procedures for the business for procurement of all goods and services** and ensure that all goods and services procured are obtained in cost-effective prices, at the required specifications and quality and are delivered in time





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WHAT IS THE PROCUREMENT PROCESS?

- **The procurement process is the name for all of the steps an organization must take to acquire the products and services it needs to do business.**



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DEFINITIONS

GOODS –are defined as tangible item with a value that is greater than the petty cash value and for which it will be procured following the procurement policy.





EQUIPMENT

- **Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non Federal entity for financial statement purposes, or \$5000 (your company may have a different threshold)**





SUPPLIES

- **Supplies means all tangible personal property other than described as Equipment. A computing device is a supply if the acquisition cost is less than the capitalization level established by the non-federal entity for financial purpose or \$5,000**





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DEFINITION

SERVICES –are defined as activities that are performed by individuals or companies for WorldFish and the value exceed the petty cash limit



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DEFINITION

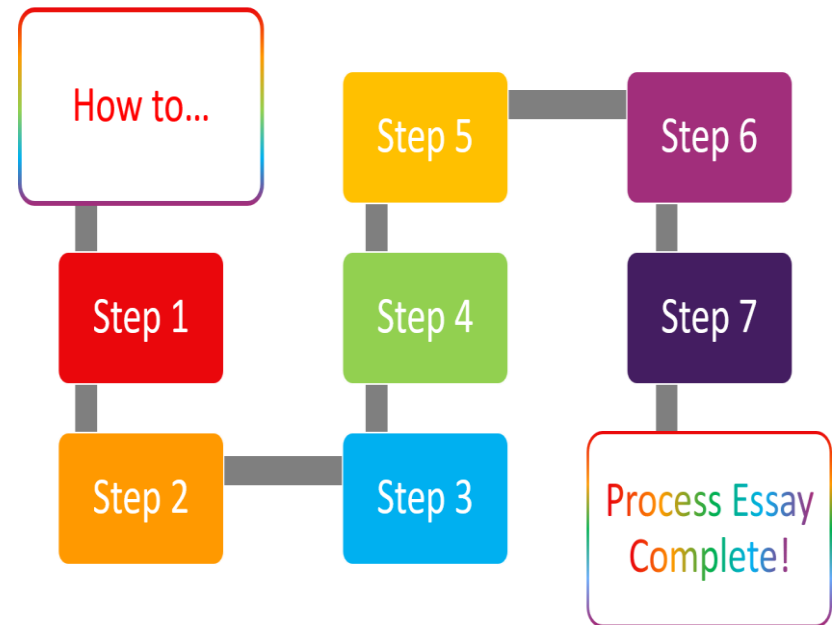
CONSULTANTS –are defined as a contractual arrangement between WorldFish and an individual consultant or company in which the consultant performs a particular set of tasks and provide output over a defined period of time, usually a relatively short duration.





DEFINITION

Process- The list of rules that need to be followed while reviewing, ordering, obtaining, and paying for goods/services. Checkpoints/steps increase with the complexity of the purchase.





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WHERE DOES PROCUREMENT STARTS AND WHEN DOES IT ENDS?



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PURCHASING PROCESS

- Determine the items to be procured, including specifications
- Identify the budget source
- Obtain prior approvals or authorization, if required
- Determine the method of procurement
- Issue Request for Quote or tenders to suppliers or
- Follow current agreed process or issued contract
- Conduct bid analysis





PURCHASING PROCESS



- Select supplier
- Issue purchase order or procurement contract
- Receive goods
- Ensure quality assurance
- Pay supplier invoices
- Enter goods into inventory
- Initiate insurance coverage, if required
- Distribute goods
- Dispose goods, if applicable





DEFINITION

People -These are stakeholders and their specific responsibility in the procurement cycle. They take care of initiating or authorizing every stage of the process. The number of stakeholders involved is directly proportional to the risk and value of the purchase.





WHAT IS A CODE OF CONDUCT?

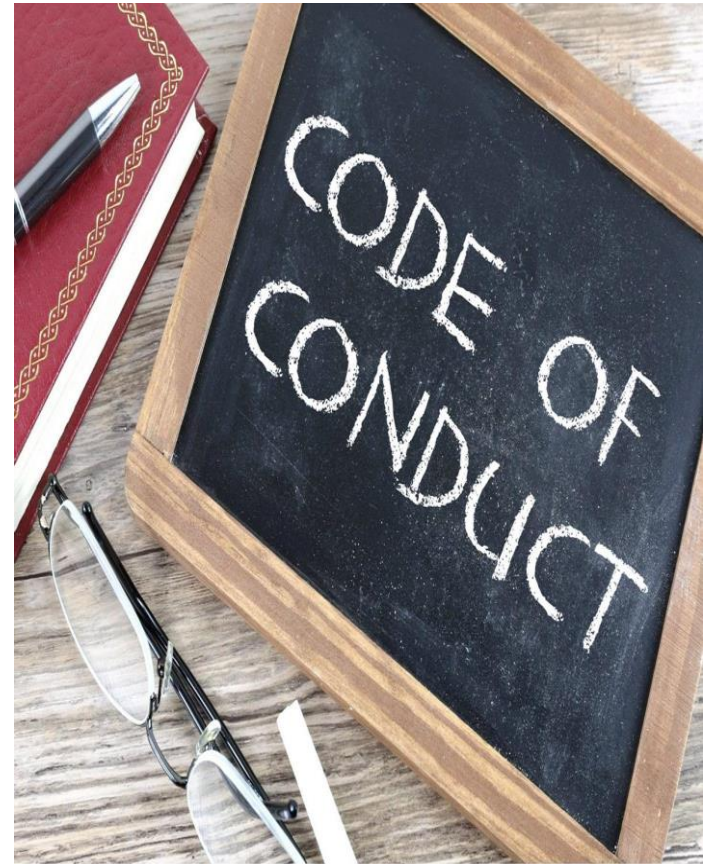
- **A code of conduct is the most common policy within an organization. This policy lays out the company's principles, standards, and the moral and ethical expectations that employees and third parties are held to as they interact with the organization.**





CODES OF CONDUCT

- **PROFESSIONAL CONDUCT**
- **PROFESSIONAL VALUES**
- **CONFLICTS OF INTEREST**
- **COERCION**
- **GIFTS AND ENTERTAINMENT**
- **SUPPLIER FRAUD AND CORRUPTION**





CODES OF CONDUCT

PROFESSIONAL CONDUCT

- **Conduct business with honesty, fairness and integrity**
- **Ensure business is conducted in a fair and ethical manner and abide by laws at all times**
- **Conduct business without intention of personal gain**
- **Use skills and judgement to obtain maximum benefit of funds spent on procurement**
- **Maintain an atmosphere of honesty, and integrity in dealing with vendors. Select vendors based on predetermined criteria including quality, service, suitability to the procurement and price.**





CODES OF CONDUCT

PROFESSIONAL VALUES

- **When possible, take steps to ensure that the health and safety of those they work with, including suppliers are safeguard**
- **When possible, take steps to ensure that human rights are respected and discriminatory practices are not permitted or practiced by those they work with including vendors and suppliers.**





SEPARATION OF DUTIES

- There shall be proper separation of duties between:
 - i. The person who orders a particular purchase from a vendor (initiator/requester)
 - ii. The person who satisfies that the goods supplied are satisfactory
 - iii. The person who accepts goods into store
 - iv. The person who authorizes payment.





ROLES AND RESPONSIBILITIES

- Initiate procurement request
- Determine specifications
- Manage competitive process
- Authorizations and approvals
- Manage the ordering and good receipt process
- Quality assurance
- Inventory management
- Payments
- Ensure compliance with the procedures
- Manage procurement files and supporting documents
- Manage legal issues, such as contract terminations, cancellations, law suits





DELEGATION OF AUTHORITIES

Purchase Request/ PO Approval Authority (examples only)

Document	Threshold (USD)	DOA
Service Contract	$0 \leq 50,000$	Country Director
	$> 50,000$ and $\leq 250,000$	Executive Director-Corporate Services
	$> 250,000$	Director General





DELEGATION OF AUTHORITIES

Contract Signing Threshold (examples only)

Threshold (USD)	Approval
0 to 5,000	Budget Owner
5,000 to 50,000	Country Director
50,000 to 250,000	Executive Director-Corporate Services
> 250,000	All above > Director General





DEFINITION

Paper - This refers to the paperwork and documentation involved in every stage of the procurement process flow, all of which are collected and stored for reference and auditing reasons.





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RETENTION OF DOCUMENTS HOW MANY YEARS SHOULD WE RETAIN DOCUMENTS?



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RETENTION OF DOCUMENTS

Retention of documents must be retained as required by the organization, donor requirements and local laws.

The order preference for complying with the retention requirements are:

- Local law
- Donor's requirement
- The organizations requirements



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RETENTION OF DOCUMENTS

- **The cost of retaining documents, if at an off-site facility, is the organization's responsibility as donors will not normally permit costs to be charged to the donor beyond the end date of the project. This must be taken into consideration for financial planning purposes**
- **Contents of files should be documented for easy reference**
- **If copies of electronic documents will be retained instead of original documents, ensure that donor authorization is obtained.**





PROCUREMENT PLANNING

- Procurement planning is part of the annual budgeting process. Each department head is responsible for planning his/her estimated procurement needs on annual basis through the use of the annual procurement plan.





PROCUREMENT PLAN CAN INCLUDE

- Preparations for procurement
- Identifying the key procurement that will be required
- Type of procurement
- Budgeting for procurement
 - Ensure adequate funds will be available
 - Include ALL costs for the procurement, including:
 - ✓ Purchase price
 - ✓ Shipping
 - ✓ Insurance
 - ✓ Spare parts
 - ✓ Testing, installation, maintenance
 - ✓ Cost of quotes
 - ✓ Tenders
 - ✓ Travel to supplier. Etc.





PROCUREMENT PLAN CAN INCLUDE

- Process and time required for obtaining approvals and waivers required, if any
- Allowing time of possible delays in procurement, long lead times by manufacturers, program changes, product changes, quality problems, natural disasters or other occurrences
- Allowing time for training in the use of the items, installation, testing
- Developing a timeline and persons responsible for the required procurement activities.
- Storage cost





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PROCUREMENT METHOD

- 1. Petty Cash Purchases**
- 2. Low Value Purchases**
- 3. Multiple Quotation Purchases**
- 4. Competitive Tender Purchases**
- 5. Exempt Purchases**
- 6. Emergency Purchases**
- 7. Online Purchases**



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PROCUREMENT PROCESS AND PROCEDURES

Types of Purchases (USD)	Procurement Method	Lead-Time (working days)
Petty Cash	<ul style="list-style-type: none"> PR not required Procurement involvement not required Refer to petty cash policy Must provide original detailed receipt or invoice or evidence of purchase Transactions also include small value items paid through other means (e.g. credit card) 	Not applicable
Low Value \$101 < \$1,000	<ul style="list-style-type: none"> At least One (1) written quotation, receipt or invoice is required for audit trail purposes 	10
Multiple Quotation \$1,001 < \$5,000	<ul style="list-style-type: none"> At least three (3) suppliers to be invited to bid 	16
Multiple Quotation \$5,001 < \$25,000	<ul style="list-style-type: none"> At least five (5) suppliers to be invited to bid 	22
Competitive Tender Above > \$25,000	<ul style="list-style-type: none"> Sealed quotation with separate technical and commercial proposal Involvement of Procurement Committee At least five (5) suppliers to be invited to bid HQ Procurement technical approval for Country office purchases 	45



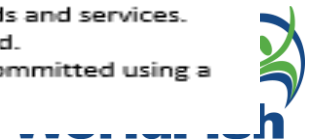
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Types of Purchases (USD)	Procurement Method	Lead-Time (working days)
Exemptions/ Single Sourcing	<ul style="list-style-type: none"> • At least one (1) written quotation is required and may be Single Sourced • WF-01-Exemptions/ Single Sourcing Form required which should include explanation of how the purchase qualifies as an exemption purchase • Any purchases above USD 25,001 and above, Procurement Committee prior approval is required 	Based on the value
Emergency	<ul style="list-style-type: none"> • Only in case of justified emergency • May be Single Sourced • WF-01- Exemptions/ Single Sourcing Form required which should include explanation of how the purchase qualifies as an emergency • Requires retrospective PR and PO • If USD 25,001 and above, Procurement Committee prior approval is required 	Not applicable
Online (Credit Card)	<ul style="list-style-type: none"> • Must follow all procurement processes • Should be used in the event where lower-priced purchases, purchase orders or WF standard payment methods are not accepted by the supplier • Print of quote from the supplier's website or one (1) written quotation is required 	Based on the value

Note 1: Lead Time are based on approved PR with complete information and are for commonly purchased goods and services. It may differ based on product/services availability, international purchases and if contracts are required.

Note 2: Except for petty cash and credit card purchases, all contractual requirement with suppliers should be committed using a PO or Contract.





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PROCUREMENT PROCESS AND PROCEDURES

	Low Value \$101 < \$1,000	Multiple Quote \$1,001 < \$25,000	Tender Above > \$25,000	Exempt/Emergency
PR Creation			WF-04-Tender Evaluation	WF-01-Types of Purchases
Solicitation of Quote	By Email	RFQ(a)	RFP(b)	Based on value
Forward of Quote/Forms	By Email	WF-03-Multiple Quote Evaluation	WF-04-Tender Evaluation WF-05-Bids Management WF-08-Procurement Meeting Minutes. WF-07-Supplier Performance Evaluation Form	Based on value
Suppliers to be invited	1	at least 3 to 5	at least 5	Based on value
Requestor KPI	2 days	5 days	10 days	Based on value



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DEFINITION

Sole Source procurement is one in which **only one supplier/manufacturer** can provide the commodity, technology and/ or perform services required. Being either the only provider within a reasonable geographic region or a company that has created itself as a monopoly. Often these products are extremely unique or made with scarce resource/material making these suppliers **the only option**.

Single Source procurement is one in which two or more suppliers can supply the commodity, technology and or perform the services, but Requestor selects one vendor over the others. Requestors must state the circumstances leading to the selection of the supplier, any alternatives considered, rationale for selecting the supplier and how it was determined that the price was fair and reasonable.





PROCUREMENT COMMITTEE

Procurement committees can include staff that is:

- Responsible for procurement
- The project manager that will be recipient of the procurement
- The fund manager wo which the procurement costs will be charged
- Finance staff





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CAN A PROCUREMENT BE DONE BY VERBAL OR ORAL CONTRACTS?



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STANDARD TERMS AND CONDITIONS

The organization should established standard terms and conditions that include:

- Protection of the organization's interests
- Clear guidance to the suppliers on how requirements for fulfilling the terms of the purchase order or contract
- Replacement and/or substitution conditions
- Conditions under which the order can be terminated
- Standards for quality of the goods
- Delivery conditions
- Payment terms





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WHAT IS INVENTORY MANAGEMENT?



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INVENTORY MANAGEMENT

The inventory management procedures include:

- Goods received must be entered into the organization's inventory management system within a specified period after delivery to the organization's premises or to the designated delivery address.
- When items are destroyed, lost, stolen or disposed of, this information must also be recorded
- Information to be tracked in the inventory system





INVENTORY MANAGEMENT

The inventory management procedures include:

- Information to be tracked in the inventory system
 - Description of the item
 - Serial numbers
 - Source of the equipment (whose funds were used to procure the item)
 - Who owns the item (the organization, the donor, third party as with leased equipment)
 - Acquisition date
 - Acquisition cost
 - Location
 - Condition
 - Disposition information





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INVENTORY MANAGEMENT

- Items should be marked with a serial or tag number designated by the organization and with a marking device to be determined and issued by the organization
- All markings should remain on the items for the life of the item
- Staff are prohibited from removing marks/tags on items without authorization.



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DISPOSAL OF GOODS/EQUIPMENT

Disposal can sometimes occur when:

- The items are no longer needed
- It might be replaced
- It is damaged and no longer repairable or the cost of repairs is not worth it
- The donor might require that it be transferred to another project
- The items is traded in
- The items is sold.





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DO WE NEED PRIOR APPROVAL BEFORE DISPOSAL OF AN ITEM?

Disposal of goods should be done in accordance with the organization and donor requirements and procedures

- **If applicable, necessary prior approvals should be obtained**
- **When goods are donated by the organization to another organization, the process should be documented as proof of the donation.**



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DOCUMENTS TO INCLUDE IN PROCUREMENT FILE

Primary category of documents required must show basis for:

- Selecting the successful vendor
- The price pad
- Reasons for selecting the procurement method



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DOCUMENTS TO INCLUDE IN PROCUREMENT FILE

The related documents include

- Requests for procurement
- Product specifications
- Budget availability
- Approvals
- Request for quotes and tenders
- Supplier bids, quotes, tender offers
- Justification for non-competition, sole source procurements





DOCUMENTS TO INCLUDE IN PROCUREMENT FILE

The related documents include:

- **Information on pre-selection, pre-qualified suppliers**
- **Bid analysis**
- **Purchase orders, procurement contracts**
- **Receipt of goods (GRN)**
- **Quality assurance information**
- **Supplier invoices**
- **The organization's payment vouchers and proof of payment**
- **Inventory records**
- **Disposition records**





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ADDITIONAL USAID GUIDELINES



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DONOR'S PROCUREMENT REQUIREMENTS

- PRIOR APPROVALS
- GEOGRAPHIC CODE RESTRICTIONS
- PROCUREMENTS OF ITEMS FROM THE DONOR COUNTRY OR MADE IN THE DONOR COUNTRY
- REQUIREMENTS FOR USE OF THE ITEMS



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DONOR'S PROCUREMENT REQUIREMENTS

- Donor authorizations or waivers must be obtained, if necessary, in particular for:
 - ✓ equipment or items that are designated as requiring approval
 - ✓ Restricted items
 - ✓ Items that have NOT already been approved
 - ✓ Items that require waivers from either the organization's or donor's requirements



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INELIGIBLE COMMODITIES AND SERVICES

- i. Military equipment
- ii. Surveillance equipment
- iii. Commodities and services to support police or other law enforcement activities
- iv. Abortion equipment and services
- v. Luxury goods and gambling equipment
- vi. Weather modification equipment

Source: Mandatory Standard Provisions for Non -U.S Nongovernmental Organizations.



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RESTRICTED COMMODITIES

Must obtain prior written approval or comply with the required procedures under an applicable waiver when procuring any of the following commodities:

- i. Agriculture commodities
- ii. Motor vehicles
- iii. Pharmaceuticals
- iv. Pesticides
- v. Used equipment
- vi. U.S Government –owned excess property
- vii. Fertilizer

Source: Mandatory Standard Provisions for Non -U.S Nongovernmental Organizations.





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QUESTIONS???



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