



# HAPA Procurements Manual

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# 1- Essential preamble

The objective of these procedures is to guarantee the **transparency** in the award of markets, the **absence of conflict of interest** and **value for money** whatever is the procurement.

HAPA gives to all suppliers an equal treatment. The award of a market is based on objective criteria.

The Head of Logistics (HL) is responsible for the implementation of these principles and procedures. It's essential that all the departments understand the motivation of the procedures and go beyond this documentation.

In some cases, it's wiser to ask a request for derogation or to write down an "ex post" explanation note than to follow blindly an inappropriate procedure. Derogation to these current procedures must receive the prior authorization of the Director (D), after consultation of the HL and the Administration and Finance Director (DAF).

HL must be extremely vigilant and intransigent concerning the possible conflict of interests and the corruption.

## 2- Introduction

Procurement is a complex part of the supply chain. The ground for complexity is that within a short period the Logistics and the Finance Departments have to coordinate several vast aspects: -

- Technical specification and requirements of the technical department
- Respect of HAPA's rules based on the donor's requirements
- Negotiation or relation with the suppliers
- Quality and quantity control, transport and storage

The purpose is not to paralyse or to bureaucratize the procurement process, for that reason the notion of thresholds is essential to enable proportionality between the value of the market and the procedure. Procedures for lower thresholds are simple while the ones for higher thresholds are complex.

These procedures answer to HAPA' internal requirements. They are generic requirements that guarantee non-discrimination among donors. For the essential part of the procedures, the Province Logistic Officer (PLO) in the field office and the HL in KANDAHAR need to consider the donor's requests.

## **3 - Humanitarian Context**

It should also be noted that procurement procedures, which occur under a humanitarian framework, abide by certain principles and minimum standards that are necessary in order to implement projects funded by humanitarian-aid. For all humanitarian actions, the Logistics Department will take into account any specific rules of the donor that would not be covered by the present procedures already.

## **4 - Definitions**

### **4.1 Market / Contract**

A market is the purchase of a product, work or service funded by a donor contract.

The purchase unit and the designation define the product. This unit can be precise (kg, liter, pieces...).

One donor funding for a supply/work = one market = one procedure

**To split a market artificially with the view to evade from the relevant procedure is considered as a major misconduct by donors and HAPA's management.**

### **4.2 The different categories of markets**

There are two major categories of markets:

#### **Supplies**

Supply market covers the purchase, leasing, rental or hire purchase, with or without option to buy, of products. The delivery of products may in addition include set up, installation and maintenance, purchase of inputs.

HAPA typical procurements of supply are:

Programs material, vehicles maintenances and rental, office stationeries...etc.

#### **Works or services**

Works or services market covers either the execution, or both the execution and design of works or the realization, by whatever means, of a service corresponding to the requirements specified by HAPA.

“Work” = outcome of building or civil engineering works taken as a whole that is sufficient by itself to fulfil an economic or technical function (example: sub-contracted rehabilitation).

**Important notes:**

The rental of building and lands is not included in the category market supply. They are a third category of market named "property contracts". The procedure to award a property contract is more informal. The PLO or the HL, or/and the Purchaser have to prospect the local market and have to determine the best balance between needs, cost and quality.

A market covering both supplies and services shall always be considered as a service market.

## **5 - Documents used for Procurement procedures**

### **5.1 Procurements data base**

The *Procurement* data base of equipment's/items and their prices, and is used to select suppliers based on quotations collected by the PLO/Purchaser and/or technical employee (for specific purchases that require some expertise). The PLO or the HL and the Provincial Coordinator (PC) need to have an estimate of the prices when ordering from the main office, therefore it is necessary to communicate the *Procurements data base* to the field office.

This data base contains the name of the supplier, the name of the items with details if possible, the unit of the item, the price. It should be updated upon HL's request according to the market price fluctuation the update can be done by phone calls to the suppliers.

In order to create or to update data base the PLO or the Purchaser can use:

- Quotations received for the last purchases
- Prices of the last purchases
- Price list

The suppliers have to return the documents signed and stamped with the requested information and the validity of their offer.

### **5.2 Purchase request**

The *purchase request* is a communication and a memo document tool. It is internal to HAPA and it is used to:

- Approve any purchase
- Authorize the Purchaser to take an advance.

A *purchase request* contains the information on the purpose of purchase (description, quantity, unit, prices, financial codes, supplier name, currency...).

The employee who wants to purchase an item indicates the technical specifications of the needs.

The *purchase request* is approved by the PM or the Head of the Department of the requester (DOP in their absence) for requests in KANDAHAR Office, the PC for requests in field offices, the Finance Department and DAF (or Deputy DAF in his/her absence).

The requester should enter the project code and the budget line that are then validated by the Finance Department.

The Finance Department shall not give any advance to the Purchaser or to the PLO (cash or cheque) without a valid *purchase request*.

The *purchase request* should be done in several copies: one is kept by the store keeper (if any), one by the Finance Department and one by the Logistics Department.

### **5.3 Application form**

The *application form* is submitted only for call for bids procedures.

It discloses all the information needed by suppliers in order to issue quotations: items description, additional specifications, delivery place and terms of transportation, characteristics, quantity available, delivery time, unit price, total price, currency, validity of the quotation.

This form is prepared by the HL and validated by DAF.

### **5.4 Quotation**

The *quotation form* is required for all procedures except direct purchase procedure.

It shows the date, the validity of the offer (for bids), the category of the requested items (tools, spare parts...), the name and the address of the supplier.

It is submitted by the Purchaser to the supplier who fills out, dates and signs the document. The quotation form is done to indicate the prices and the description of the items available at the supplier's. It is only issued if the supplier does not have its own format for quotations.

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### **5.5 Comparative forms**

The *comparative form* is submitted for negotiated procedures and call for bids procedures. It discloses the information on the different quotations found by PLO or Purchaser in order for the PLO or HL to compare the price and the quality of an item HAPA wants to purchase.

It should be prepared by the Purchaser and should be validated by the PM or the Head of Department of the Requester (DOP in their absence) or by the AFO and PC (field office) and by the DAF (or Deputy DAF in his/her absence).

## **5.6 Price list**

The PLO will use the *Price list* form to summarize quotations for several items by article category: for each article, the name of the cheapest supplier and the article price are disclosed. The *quotations* used to elaborate the *price list* are stapled to the *price list*.

## **5.7 Assessment table**

The *assessment table* form is used for the negotiated procedures.

It discloses detailed information on the suppliers, on the items (quantity available, quality...) and gives a good vision of the supply offers. It provides more information about the items in order to facilitate the decision when choosing the supplier.

This document is prepared by the HL and checked and signed by the technical expert (the person in charge of giving a technical advice on the item or material requested; usually a HAPA employee from the concerned department), PM or Head of Department of the requester, PC (field office) and DAF (or Deputy DAF in his/her absence).

## **Procurements Committee.**

The suppliers are selected by a committee of 3 to 6 persons from different departments, according to the technical criteria of the needs. The nomination of the members of the committee (which should include the PM or the Head of Department and DOP) should be approved by the DAF (or Deputy DAF in his/her absence).

## **5.8 Agreement form**

The *agreement* form is prepared for call for bids procedures

It explains why the selected supplier is chosen and guarantees the transparency and the absence of interest due to the possible high amount of the purchase. It mentions detailed references of the selected supplier and the budget information.

It is prepared by HL and requests the approval of the PM or the Head of Department of the requester (DOP in their absence) and DAF (or Deputy DAF in his/her absence).

## 5.9 Purchase order

The *purchase order* is prepared for negotiated procedures

It is an external document used to process the order of the purchase of an item. It contains the information on the purpose of the purchase (description, quantity, unit, prices, financial codes, supplier name, currency, technical specifications of the needs...).

It is prepared by HL and approved by the PM or the Head of the Department of the requester (DOP in his/her absence) and DAF (or Deputy DAF in his/her absence).

The *purchase order* should be done in several copies: one is kept by the store keeper (if any), one by the Finance Department and one by the Logistics Department.

## 5.10 Invoice/receipt

- An invoice indicates the date, the place of purchase, the description, the unit price, the number of units purchased, the total amount per items, the total amount HAPA has to pay for a supply, work, the name and the signature of the seller, of the Purchaser, of the programme responsible or the technical advisor.

- A receipt indicates that HAPA paid the invoice and must disclose the date of payment.

If the supplier does not have an invoice, he/she should fill out a HAPA invoice form. If the supplier does not have a receipt, the PLO must request the following information to be added to the invoice: **“Paid in cash/check the + date”; the supplier**

The invoice must be approved and signed by the program responsible or the technical advisor.

The invoice / receipt should then be transmitted to the Finance Department by the Purchaser.

### **Cash Payments. (Up to 50,000 AFN)/ Bank Payments above (50,000 AFN).**

All the payments above 50,000 Afghanis should be done by check signed by Director or DAF, unless the vendor only accepts a payment by cash. In such case, the Purchaser will confirm by writing the vendor's refusal.

For payments below 50,000 Afghanis, Payments are done by Cash.

As per Afghan tax law, all purchases for an annual amount higher than 500,000 are taxable. HAPA should obtain the business certificate of these vendors at the time the invoice is issued to HAPA in order to remit the taxes to the tax authorities.

## 5.11 Contract

The contract is a document used to define the obligations between at least two parties. It brings a security support to the concerning parties (the buyer and the supplier), a reference in case of dispute or doubt during the process. The parties can agree on any article or disclosure (and insert it on the contract) as long as it is not against the law.

A contract must be used for:

- Any procurement above 100,000 AFN.
- Rental of buildings, vehicles or equipment using the appropriate forms
- Maintenance, service or construction work with a duration over one week
- Daily workers, in this case the logistics Department will prepare an employment contract, in liaison with HR department

The contract is written by the Logistics Department under a specific format, then validated by the Program Manager (PM) or the Head of Department (DOP in their absence) and by the DAF (or Deputy DAF in his/her absence), before signature by the Director.

It should be noted that the Director signs all the contracts after signatures of the other parties.

It contains: - The subject of the contract

- The volume and time of the loading
- The order of delivery of the goods
- The quality and the quantity of the order
- The payment rules
- The responsibilities of the parties
- The order of settlement of disputes
- The address and the stamped signatures of the contracting parties

The *contract* replaces the *purchase order*. Therefore the Finance Department should approve the financial commitment before the supplier signs the contract.

For procurement of supplies, the contract should indicate the budget line and the project code as an internal reference to facilitate the work of the Finance Department.

## 6 - Procurement procedures

A procurement procedure is defined by obligations in terms of:

- Suppliers survey and/or publication
- General process and authorization
  
- Documentation to collect and to produce
- Archiving of the procurement file



HAPA has 4 standard procurement procedures:

- The direct purchase
- The simplified procedure
- The negotiated procedure
- The call for bids procedure

## 6.1 Thresholds

For each market category, HAPA has to define thresholds.

The threshold and the market category define the procurement procedure to use:

<b>Threshold</b>	<b>Supply market</b>	<b>Work market</b>
From 0 to 499 AFN	Direct purchase No quotation	Direct purchase No quotation
From 500 to 1,999 AFN	Simplified procedure 1 quotation	Simplified procedure 1 quotation
From 2000 to 349,999 AFN	Negotiated procedures 3 Quotation	Negotiated procedures 3 Quotation
From 350,000 to 1,000,000 AFN	Calls for BIDs 6 Quotations	National Tenders
Above 1,000,000 AFN	Calls for BIDs 6 Quotations	International tenders

NOTE: For more details also study (Finance and Accounting manual of HAPA).

## 6.2 Derogations

The standard procurement procedures may not be respected for very particular circumstances (for example, due to a specific donor rule). The request must be justified (specific context, difficult security situation or need for a quick procurement). When requesting derogations, the PLO or the HL should suggest the derogated procedure to apply and D's authorization is required before launching the process.

The purchase file is composed of the following and signed documents:

- The purchase request
- The originals of the different quotations received

- The comparative form
- The assessment table
- The purchase order
- The purchase contract signed by the parties
- Original invoice / receipt “mentioning paid + the payment method + date”

In the situation where there is no Purchaser on a base, the PLO replaces the Purchaser in the procurement procedure. However, most of the time, important purchases are done in KANDAHAR OFFICE where there is one Purchaser. Moreover, this person often goes to the field offices in order to assist PLO or Admin Finance Officers in case of purchase of important and technical items there.

The Purchaser or HL checks:

The Procurements data base suggests modification to the Purchaser if needed

The invoice and the receipt and transmits them to the Finance Department

The HL checks and validates:

The assessments table

The purchase order

The Finance Department checks and validates after approval:

The invoice and the receipt

The contract

The purchase order

The assessment table

## **6.6 Call for bids (National)**

The call for bidding process is a system of purchases of goods or services to invite "bidders" to bid and HAPA then chooses the provider from the responses received. As in previous procedures, selection criteria must be defined and communicated upstream to potential bidders.

Unlike negotiated procedures, the tender is public and anyone may submit a tender.

An application form is prepared by the HL and validated by the PM or the Head of Department (DOP in their absence), the DAF (DDAF in his/her absence) and the Director.

Bids are evaluated by an evaluation committee, composed of HAPA Logistics, Finance and Operation staff. The committee should include the PM or the Head of the Department of the requester and the DOP.

The suppliers will be assessed on:

- 1) Quality of items
- 2) Price
- 3) Supplier's ability to supply the required items
- 4) Ability of supplier to deliver the items

An agreement form and a purchase order should be prepared.

All documents required for the tender must be prepared and audited before the start of the process. These documents are prepared by Logistics Department and submitted to DAF (or Deputy DAF in his/her absence) for approval at least one week before the publication of the tender.

The process for an open call for national tenders is:

- 1) Establish the evaluation committee
- 2) Define criteria for selecting suppliers
- 3) Complete a purchase request
- 4) Publish contract notice (application form) in the local and national media
- 5) Send the file tender to suppliers upon request
- 6) Establish the list of candidates and tenderers
- 7) Evaluate all bids
- 8) Inform other providers they have not been the selected provider
- 9) Signing of the contract

A tender requires rigor and clarity (both internally and externally, to bidders). It is important not to underestimate the workload and the time required for such a process. For example, it is common to leave at least three weeks to potential suppliers to submit a bid, after publication of the tender. Furthermore, it is essential to verify the quality of the products, especially for food supplies. Before the delivery, a random selection of the products will be checked to ensure the quality is the same as the initial sample. This can be done either by a HAPA staff member, who has expertise in assessing the quality of the food products, or by shipping random samples of food to a nearby laboratory.

## **6.7 Call for bids (International)**

The procedure is identical to that governing the national open call for tender. Only modes of publication differ, since the open call for international tenders must be published in at least one international media. Headquarter in Kandahar can also publish the tender on the HAPA website. An invitation for an international tender is used when the amount of the first quotation is above 1,000,000 AFN.

## **7 - Logistics filing of procurement documents**

Originals documents related to procurement have to be archived and kept by the Finance Department of the mission during 5 years. A copy of the procurement documents is kept by the Logistics Department.

## **8 - Forms and documents for a standard procurement procedure**

Purchase request

Quotations

Comparative form Assessment table

Purchase order

Contract

Invoices, receipt and HAPA invoice/bill form

Business certificate from vendor (when doing business with the vendor for the first time)

Application form (call for bids) Agreement form (call for bids)