

2021

Procurement Policy

Hari Welfare Association

1/1/2021



PROCUREMENT

Policies & PROCEDURE

Manual

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ACRONYMS

Admin	Administration
BOC	Bid Opening Committee
EC	Executive Committee
CIA	Chief Internal auditor
CS	Comparative Statement
EOI	Express of Interest
F &	Finance and Accounts
GRN	Good Receiving Notes
HR	Human Resources
ICB	International Competitive Bidding
IFB	invitation for Bids
LCS	Least Cost Selection
LIB	Limited International Bidding
NCB	National Competitive Bidding
PC	Procurement Committee
PD	Procurement Department
PO	Purchase Order
PS	Project Supervisor
QBS	Quality Based Selection
QCBC	Quality and Cost Based Selection
RFP	Request for Proposal
RFQ	Request for Quotation
RH	Regional Head
RP	Regional Professional
SOW	Scope of Work
SPO	Senior Purchase Officer
TEC	Tender Evaluation Committee
TOR	Terms of References
HWA	Hari Welfare Association

THE ORGANIZATION

About The Organization

Hari Welfare Association (HWA) is a Non-governmental organization. It was formed in 2002 and formally registered on November 12th, 2003 as social welfare organization under voluntary social welfare agencies ordinance, 1961 act Of Sindh. Through research, advocacy and lobbying HWA aims to promote economic, social, cultural, civil and political rights of peasants and other workers engaged in agriculture in rural areas of Sindh and Pakistan. It also aims to struggle for sustainable agriculture and opposes corporate driven agriculture transnational companies that are destroying rural people's culture and nature. HWA campaign for environmental, social, economic, civil, political issues, and challenges to the current landownership system and patterns that has deprived vulnerable peasants and put the rural agriculture environment at stake and destruction in the hands of corporate companies.

Vision:

Development of a progressive, educated, peace loving and non-discriminatory society that is materially optimum, socially equitable and sustainable.

Mission:

Collectively ensure environmental and social justice, human dignity, and respect for human rights of peasants so as to secure sustainable societies.

Objectives;

- To advocate and network for economic, social, cultural, civil and political rights of peasants and other people and workers living in rural areas.
- To build capacity of community organizations mainly peasants on self-resilience.
- To advocate and networking for the protection of children from abuse, neglect, violence and exploitation.
- To promote quality and gender sensitive education in the under-served areas.
- To build linkages of deprived peasant communities with government line departments and civil society organizations through strong coordination and effective networking of activists, vocal persons, civil society organizations and political parties.
- To engage individuals from disadvantaged section of society by enhancing their capacities with support from training institutes, technical knowledge sharing and quality workshops.

DEFINITIONS

"**Cancellation**" occurs when either party ends a contract because of a breach caused by the other. The cancelling party retains any remedy for breach of the whole contract or any unperformed balance. When one party violates the terms and conditions of a contract; the other party has the right to cancel the contract. The entire contract may be rolled back, payments previously made may be refunded, and any remaining obligations are immediately declared null and void.

'**Competent Authority**' for HWA it means Executive Director, Program Manager or any person who is ultimately responsible for overall operation of organization.

"**Consultancies**" means provision of independent expert advice of a quality at least equal to the applicable professional standards in relation of acquisitions of goods, works and services.

"**Contract**" is any agreement between two or more parties which creates an obligation to perform or refrain from performing some act. Acceptance of a purchase order constitutes a contract.

"**Contractor**" means a person, consultant, firm, company or an organization who undertakes to supply goods, works, services and consultancies

"**Direct Contracting**" is defined as contracting directly with a single contractor when only one contractor is able to meet the requirements due to either technical, legal or monopolistic reasons.

"**Emergency**" means natural calamities, disasters, accidents, war and operational emergencies which may give rise to an abnormal situation that requires prompt and immediate action to limit or avoid damage to person, property or the environment.

"**Fixed Based Selection**" follows a similar process to QCBS but does not include cost weight age mechanism. Assignments for which FBS is considered appropriate include sector studies, market studies, Surveys with limited scope, field studies during project preparation, pre-feasibility studies and reviews of existing feasibility studies, social, land acquisition, r environmental surveys, and reviews of technical designs , proposal documents and project benefit monitoring

“Goods” means articles and objects of every kind and description including raw materials, product, equipment, machinery, spares and commodities in an form and include services incidental to installation, transport port , maintenance and similar obligations related to supply of goods.

“Least Cost Selection” LCS uses procedure similar to QCBS and FBS. Firms submit both a technical and a financial proposal as in QCBS and FBS. Example of assignments for which LCS may be appropriate includes; audits, simple surveys, engineering design and/or supervision of simple construction projects, and routine operation and maintenance work and inspection.

“Lowest Evaluated Bid” means a bid most closely conforming to the evaluation criteria and other conditions specified in the bidding documents and having lowest evaluated cost.

“Petty Purchases” are procurements that are of a routine nature and cannot be accurately budgeted for or predicted due to their recurring nature, including nominally priced items, are classified as petty cash procurements.

“Quality and Cost Based Selection” QCBS is the most commonly used method as it gives credit to both quality and cost. CSC should decide for this method when high quality is the prime consideration while cost is a secondary consideration.

“Quality Based Selection” QBS is used for highly specialized and complex assignments, where making it difficult to define precise TOR and the required input from the consultants; downstream impact is so large that the quality of services is of overriding or the assignments can be carried out in substantially different ways such that financial proposals may be difficult to compare.

“Quantum Meruit” In the law of contracts , a doctrine by which the law infers a promise to pay a reasonable amount for labor and material furnished, even in the absence of a specific legally enforceable agreement between the parties.

“Services” means any object of procurement other than goods and works.

“Request for Proposal” means set of bidding documents sent to the interested and shortlisted contractors and include at least; i) Letter of Invitation; ii) Invitation to bidders; iii) Terms of Reference; and iv) evaluation criteria.

“Single Source Selection” is adopted only in exception cases , in hiring of consultants, where it provides clear advantage on competition in natural continuation, repeat order, emergency and where only one consultant has experience of exceptional worth.

“Termination” occurs when either party ends a contract for any reason other than a breach. Any part of a contract that already has been completed will be left alone, but obligations for the future, not yet performed, will cease.

“Works” means any construction work consisting of erection, assembly, repair, renovation or demolition of a building or structure or part thereof. Such as, site preparation, excavation, installation of equipment or material and decoration, finishing and include incidental services such as drilling, mapping, satellite, photography, seismic investigation and similar activities.

1. PROCUREMENT

Procurement is the overall process of acquiring goods, works, services and consultancies through purchase, hire or rental. Actions undertaken to carry out procurement are defined as procurement activities. These include all activities from needs identification, planning, forecasting, sourcing, and solicitation of offers, evaluation and review up to award of contracts.

A specified series of procurement activities, which have to be executed in the same manner in order to obtain the same result under the same circumstances, is thereby defined as procurement PROCEDURE.

1.1 OBJECTIVES

The overall objective of manual is to add value to organization and its stakeholders for fulfilling objectives regarding procurement. Undertaking quality procurement means carrying out activities in a manner that best enable an organization to attain general and specific objectives of project (s) in compliance with applicable procurement PROCEDURE. The process should ensure that goods, works, services and consultancies acquired by the organization are obtained in a timely fashion, at the most competitive price and are of the required quality and quantity. The document has been designed to streamline procurement process by specifying relevant controls, defining lines of responsibility amongst respective departments and ensuring consistency with the existing control framework over the organization’s business processes.

This manual seeks to achieve the following broad objectives:

- To elaborate the need for efficient and transparent procurement process;
- To specify various types of procurement methods ;
- To indicate appropriate levels of transparency and efficiency through standards and guidelines;
- To formalize policies, processes and rules;
- To ensure maintenance of proper sets of documentation; and
- To guarantee adherence to donor specific requirement regarding procurement.

1.2 PURPOSE

1.2.1 POLICY

The primary purpose of establishing a procurement function is to ensure that needs of

different departments/projects are met in a timely and effective manner. Procurement policies, goals, standards and processes, mentioned later in this manual, also focus and support this core purpose.

1.2.2 PROCEDURE

This manual describes general intent of the Procurement Department and Procurement Committee for adopting procurement policies and PROCEDURE. By analyzing and applying these specific policies and PROCEDURE, PC shall get clear guidance upon procurement related issues for acquisition of goods, works, services and consultancies; to meet projects and departmental needs.

1.3 SCOPE

Procurement PROCEDURE as defined in this manual is applicable for:

1. Goods (Inventory items, assets , consumables and supplies);
2. Works
3. Services
4. Consultancies (An intellectual input from a consultancy firm or an individual consultant)

Unless specifically required by a donor in writing, the guidelines of organizational Procurement policy shall prevail.

1.4 PROCUREMENT CYCLE

Procurement generally follows the following cycle:

- i. Requirement Identification;
- ii. Procurement Planning;
- iii. Procurement Requisition Processing;
- iv. Determination of Procurement Method;
- v. Preparation and Publication for Invitation of Bid;
- vi. Bid Proposal Meeting and Site Visit;
- vii. Bid Proposal Submission and Opening;
- viii. Bid Proposal Evaluation;
- ix. Award Recommendation;
- x. Contract Negotiation; and
- xi. Contract Award.
- xii. Contract Management

1.5 RESPONSIBILITY FOR IMPLEMENTATION

Overall responsibility of establishing and maintaining a procurement system rests with BOD. However, day to day implementation is to be carried out by the PC and PD which in turn report the status and performance of the procurement function to the Competent Authority.

In case, any of these crucial positions become vacant, the Competent Authority shall make

sure that an alternate arrangement should be made to sustain continuity of operations/functions.

1.6 CLARIFICATION, UPDATING & ADMINISTRATION

It shall be the responsibility of the Competent Authority to ensure that the manual is constantly updated for meeting changing needs of the organization and governing laws. A master copy of the manual shall be maintained by him in Head Office. Requests for an amendment to the manual may come either from PD or any other department, routed through PD.

The manual shall be presented initially to the BOD for its approval. However, no subsequent amendment can be made to the manual without prior approval of the BOD. Once an amendment request is approved, the "revision" must be communicated to all users of the manual, together, with the effective date of implementation. Holders must be instructed to extract and destroy superseded pages of their manual.

In the PD, superseded manual sections must be removed from the master copy to a "superseded sections" file with the date of supersession annotated in the relevant section.

1.7 CUSTODY AND ACCESS

This manual shall remain in the custody of the following:

- Head of Administration;
- Head of F&A;
- In Charge HR, and
- In Charge Procurement

All these officials will ensure proper communication and implementation of relevant sections in their respective departments. Copies of the manual should not be provided to any external party without prior written approval of the Competent Authority. Also, access to this manual shall not be restricted from such external parties who are entitled to it in accordance with the provisions of law or by virtue of performance of duties. The manual is property of respective organization and must be returned when the concerned employee leaves the organization or is assigned to a position which does not require its application in day to day operations.

1.8 WHO SHOULD USE THE MANUAL

Predominantly staff of the PD should use this manual for procuring objects of procurement. Also, other departments who are involved in procurement process should abide by all direction in relevant sections.

2. OBJECTIVE AND STRUCTURE OF PROCUREMENT DEPARTMENT

This manual outlines policies and PROCEDURE to be followed by PD staff for managing procurement activities. It includes samples of principal reporting formats and provides detailed instructions for application and usage. In this context, PD shall work to achieve the following objectives:

- To help the organization better manage their services, facility supplies and resources;
- To help employees in their efforts to organize and monitor operations;
- To provide data to organizational staff and donors for planning, monitoring and evaluation;
- To identify reports along with their periodical submission timelines to assist the management in decision-making;
- To Identify responsibilities of procurement personnel with respect to respective reporting responsibilities;
- To ensure that procurement personnel discharge their responsibilities in accordance with the guidelines provided in this manual; and
- To ensure that proper delegation of duties and authorities facilitates personnel in performing their due roles effectively.

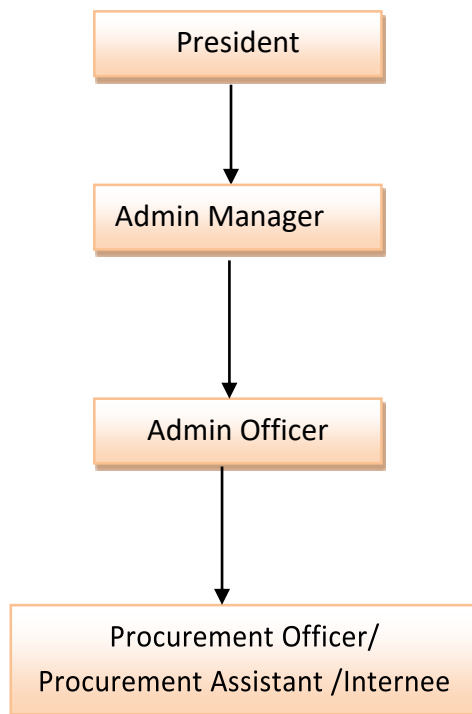
2.1 RESPONSIBILITIES OF PROCUREMENT DEPARTMENT (PD)

PD shall manage procurements for projects and departmental needs. Specific responsibilities of the department include:

- Procurement planning;
- Procurement of all goods, works , services and consultancies;
- Raise requisition in accordance with the approved procurement plan;
- Advertise RFP/RFQ/IFB where applicable;
- Solicit a quotation from the pre-qualified contractor as and when applicable; and
- Manage the overall procurement function.

2.2 STRUCTURE OF PD

The functional organogram of the PD is presented below, reflecting the reporting lines of all related positions:



3. PRINCIPLES OF PROCUREMENT

Procurement should be based on three basic principles:

1. Best value for money;
2. Fairness and transparency through open competition; and
3. Economy and effectiveness.

3.1 BEST VALUE FOR MONEY

Best value for money implies that there exists a trade-off between price and performance which provides greatest overall benefit under a specified selection criterion. Application of this principle in procurement process means selection of an offer which presents optimum combination of factors such as appropriate quality, timely delivery of goods, works, services, life-cycle costs and other parameters that best meet defined needs. It is not necessarily the same as selecting the lowest price option, but rather representing the best return on investments; by taking into consideration the evaluation criteria specified in the solicitation/bidding documents. It requires an integrated assessment of technical, commercial, organizational and pricing factors in light of their relative significance. In addition to this, social, environmental, and strategic objectives defined in the legal agreement with the client must also be taken into account. The principle of best-value-for-money is applied throughout the procurement process in order to attract the offer that most effectively meets the stated requirements of the end user.

In order to obtain best value for money, one should:

- Maximize competition;
- Simplify the tendering process while minimizing financial risk factors for the organization;
- Carefully establish the evaluation criteria (in order to select the offer with the highest expectation to meet client's needs in accordance with the evaluation parameters set in the tender documents);
- Consider all costs (including those other than the direct ones; e.g., life cycle costs, maintenance costs, sustainable procurement considerations);
- Ensure impartial and comprehensive evaluation of offers in a timely manner; and
- Ensure selection of the contractor whose offer enjoys the highest degree of realism and whose performance is expected to best meet specified requirements at the lowest possible cost to the organization.

3.2 FAIRNESS AND TRANSPARENCY THROUGH COMPETITION

Competition is the basis for fairness and transparency in the procurement processes. No restriction should be placed on contractors participating in competition. Standard policies and PROCEDURE should be evenly applied for both principal and alternative methods of procurement. In addition to that, RFP/RFQ and evaluation criteria should not be biased towards a particular contractor. To achieve the best value for money, the procurement must be conducted on a basis of clear and appropriate regulations, rules and PROCEDURE; applied consistently to all potential contractors. The manner, in which the procurement process is carried out, must provide an assurance of fairness of process to all internal and external stakeholders of the organization.

3.3 ECONOMY AND EFFECTIVENESS

Economy and effectiveness refer to the extent to which organization is successful in carrying out its procurement operations, ensuring the right quantity and quality at the right time and at the right price, and also the extent to which overall costs of conducting the procurement process is minimized in the interest of the organization.

4. ETHICAL STANDARDS IN PROCUREMENT

4.1 OBJECTIVE

Uphold ethical standards, protect integrity, and ascertain fairness and transparency in the procurement process.

4.2 CONFLICT OF INTEREST

HWA should treat all contractors in a fair and equitable manner in line with the principle of fairness, integrity and transparency. Nothing can prevent contractors from competing for business on a fair, equitable and transparent basis. Therefore, personnel involved in procurement activities are not only responsible for protecting the integrity of the procurement process but also maintaining fairness in the treatment with all contractors.

HWA must ensure that personnel involved in the procurement process abide by the following code of conduct:

- During the pre-solicitation phase, no one must allow contractors access to specific, privileged information on a particular acquisition before such information is available to the business community at large;
- During the solicitation phase, all contractors should receive identical information. Any clarifications to the solicitation/bidding documents must be provided at approximately the same time, in writing, to all contractors;
- Specifications should be linked to function and to performance as much as possible;
- Conformance specifications must only be used when necessary. These must neither include conditions limiting competition nor be unnecessarily restrictive, as this may discourage competition;
- Individuals having a personal or financial interest with contractor(s) responding to a solicitation are prohibited from any involvement in the procurement process; and
- The evaluation criteria specified in the solicitation documents must be applied in the same manner for each offer. Under no circumstances shall new evaluation criteria, not mentioned in the solicitation documents, be introduced during the evaluation process.

4.2.1 REASON FOR OCCURRENCE OF CONFLICT OF INTEREST

- When procurement personnel's private interests such as outside professional relationships or personal financial assets interfere or appear to interfere with the proper performance of his or her professional functions or obligations. Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets, political or other activities and affiliations while in the service of organization, employment after retirement from service or the receipt of a gift that may place relevant staff

in an obligatory position.

- The use of organizational assets, including human, financial and material assets or the use of office or knowledge gained from official functions for private gains.
- Where associated staff are seen to benefit directly or indirectly or allow a third party including family, friends or someone they favour, to benefit from organization's internal decisions.
- If any among the personnel believe that s/he may have a conflict of interest, s/he shall promptly and fully disclose the conflict and shall refrain from participating in any way in the matter to which the potential conflict relates, until the conflict has been resolved.

4.3 CONFIDENTIALITY

Procurement related information is considered confidential. It includes any documentation or information which is part of the procurement process- not publicly available- and its disclosure may:

- Place the contractor of the organization at a disadvantage; or
- Provide an unfair advantage to a contractor; or
- Adversely reflect upon the reputation and integrity of the organization.

4.3.1 CODE OF CONDUCT FOR CONFIDENTIALITY

- Disclosure of procurement related confidential information should not occur as it may seriously jeopardize the competitiveness of procurement, the principle of fairness and the credibility.
- Staff should not allow any contractor's access to information for a particular acquisition before such information is available to the business community at large; and
- Staff should not disclose any proprietary or source information directly or indirectly to any person other than the person authorized to receive such information.

4.3.1 COMPETITION

All employees should treat all bidders and contractors with fairness and impartiality, and avoid any business arrangement that might prevent the effectiveness of fair competition.

4.3.2 BUSINESS GIFTS

No employee should accept business gifts from current or potential contractors of the PD unless such gifts are of an intrinsically low or no commercial value such as a calendar or business diary.

4.3.3 HOSPITALITY

All employees should refrain from accepting any hospitality from potential contractors that might be seen to influence decision-making.

4.3.4 REPORTING

All employees are duty bound to report any unethical conduct by a colleague/ bidder / contractor to their superiors or to auditors. Examples of unethical conduct include:

- Revealing confidential or inside information either directly or indirectly to any bidder or prospective bidder;
- Discussing a procurement with any bidder or prospective bidder outside the ambit of official rules and PROCEDURE;
- Favouring or discriminating against any bidder or prospective bidder while drafting technical specifications, standards or evaluation of tenders;
- Destroying, damaging, hiding, removing or improperly forging any official procurement document;
- Accepting or requesting any money, travel, meals, entertainment, gifts, favours, discounts or anything of material value from bidders or prospective bidders;
- Discussing or accepting future employment with a bidder or prospective bidder;
- Ignoring evidence that Code of Ethics has been violated by member(s) of the PC, BOC or any other employee(s) or representative of the PD; and
- Ignoring illegal or unethical activity by bidders or prospective bidders, including any offer of personal inducements or rewards.

5. METHODS OF PROCUREMENT

Procurement can be categorized into the following two broad types:

- Procurement through Open Competition Method
- Procurement through Alternative Methods of Procurement

5.1 PROCUREMENT THROUGH OPEN COMPETITION

It is principle method of Procurement and further sub classified into International Competitive Bidding and National Competitive Bidding.

5.1.1 INTERNATIONAL COMPETITIVE BIDDING (ICB)

Wherever effective competition is non-existent due to a lack or absence of domestic capacity, efforts shall be made to pursue for international competition. The reason for conducting ICB is to provide all eligible and qualified prospective bidders adequate and timely notification of requirement; so as to give them equal access and fair opportunity to compete for contracts for goods and services required.

5.1.1.1 LIMITED INTERNATIONAL BIDDING (LIB)

LIB is essentially an ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where; a) there is limited number of contractors, or; b) other exceptional reasons may justify departure from full ICB PROCEDURE. Under LIB, PD shall seek bids from a list of potential contractors detailed enough to assure competition; such a list includes all contractors when the number of the same is limited.

5.1.2 NATIONAL COMPETITION BIDDING (NCB)

Under this method, bids are called by advertising tenders on organization's website or in local newspapers or both, against financial thresholds, by stating its requirements and issuance of bid documents. Decision of publication medium is sole discretion of PC. It is further sub categorized as:

5.1.2.1 SINGLE STAGE – ONE ENVELOPE PROCEDURE

Each bid shall comprise one single envelope containing, separately, financial proposal and technical proposal (if any). All bids received shall be opened by the BOC, as notified. The technical proposal will be evaluated by the PC according to the criteria mentioned in the bidding document.

5.1.2.2 SINGLE STAGE – TWO ENVELOPE PROCEDURE

The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately financial and technical proposal. It shall be clearly marked on envelopes "FINANCIAL PROPOSAL" and "TECHNICAL PROPOSAL" to avoid any confusion while opening the bid. PC shall open only technical proposal on a pre decided date.

PC shall evaluate all proposals according the criteria mentioned in bidding documents and has an authority to reject proposal(s) not meeting technical specifications. No amendments shall be entertained during technical evaluation by PC and only bidders having score above threshold limits, mentioned in the bidding documents, and shall be considered eligible for financial evaluation. This threshold limit ranges to any percent and must be communicated in advance to bidders along with the evaluation criteria. Within bid validity period, PC shall open financial proposals of the technically accepted bids only. Financial proposal of bid(s) found technically below threshold shall be returned to respective bidders. Financial bids shall not be evaluated but adjustments will be made for arithmetical corrections and the lowest evaluated bid shall be accepted.

5.1.2.3 TWO STAGE BIDDING PROCESS

As the title elaborates this procedure has two stages. In the first stage, after receiving tender notice or EOI of required specifications, bidders shall first submit a ‘TECHNICAL PROPOSAL’ without price. PC shall evaluate it and discuss any deficiencies and unsatisfactory technical features with bidders; according to the criteria mentioned in RFQ/RFP. Bidders whose bids are below technical specifications are allowed to submit revised ‘TECHNICAL PROPOSALS’ to meet requirement of that particular inquiry. However, bidders who are not willing to revise their technical specifications are allowed to withdraw from the tendering process without forfeiture of bid security (if any). PC may revise, delete, modify or add any aspect of the technical requirements or evaluation criteria, or it may add new requirements or criteria not inconsistent with these rules. Such allowance of time shall not be less than fifteen (15) days in the case of NCB and thirty (30) days in the case of ICB.”

In the second stage, bidders who agreed to submit revised proposal shall be invited to submit a revised technical proposal along with the financial proposal. Revised ‘TECHNICAL PROPOSAL’ and ‘FINANCIAL PROPOSAL’ shall be opened in front of bidders or their representatives, on a decided schedule which will be communicated to all stakeholders. Lowest evaluated bid shall be accepted for award of contract.

5.1.2.4 TWO STAGE – TWO ENVELOPE PROCEDURE

In the first stage bid shall consist of single package containing two separate envelopes; marked as ‘TECHNICAL PROPOSAL’ and ‘FINANCIAL PROPOSAL’. PC shall open the envelope containing information about technical specification. However the envelope ‘FINANCIAL PROPOSAL’ shall remain in the custody of PD. ‘TECHNICAL PROPOSAL’ shall be opened and discussed with bidders with reference to specific technical requirements. PC shall evaluate technical proposal as per criteria indicated in the RFQ/RFP. PC may discuss with bidders regarding any deficiencies and unsatisfactory technical features. Bidders willing to confirm their bids to the revised technical requirements of the procuring agency shall be invited to submit a revised technical proposal along with the financial proposal.

In the second stage after agreement between the organization and bidders on technical requirements, bidders who are willing to conform to the revised technical specifications and whose

bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirement. The revised 'TECHNICAL PROPOSAL' along with the original 'FINANCIAL PROPOSAL' and supplementary 'FINANCIAL PROPOSAL' shall be opened at a date, time and venue announced in advance by the organization. PC shall give sufficient time to bidders to incorporate all agreed upon changes in technical bid and subsequent revision of financial bid. The organization shall evaluate the whole proposal in accordance with the evaluation criteria and the bid found to be the lowest evaluated shall be accepted.

5.2 ALTERNATIVE METHODS OF PROCUREMENT

5.2.1 PETTY PURCHASES

PD will make petty purchases if procurement is below the financial limit of twenty five thousand rupees (PKR 25,000). At least three quotations are required for the purchases up to this limit and indent request should be approved by In charge Procurement

5.2.2 REQUEST FOR QUOTATION

This type of procurement includes purchase of consumables, office stationary, minor repairs and maintenance etc. For these type of objects normal procurement PROCEDURE is time consuming and cost ineffective:

Before using this procurement method, it shall be ensured that:

- Object(s) of has standard specifications;
- Minimum three quotations have been obtained; and
- Object of the procurement is purchased from the contractor offering the lowest price.

5.2.3 DIRECT CONTRACTING

Organization may engage in direct contracting, if one of the following conditions exists:

- Procurement relates to the acquisition of spare parts or supplementary services from the original manufacturer or contractor. Those spare parts and supplementary services are not available from alternative sources;
- Only one manufacturer or contractor exists for the required procurement;
- Where material supplied by other contractor have different technical specifications or characteristics and would be technically incompatible for maintenance purposes;
- The procurement is a repeat order for an amount not exceeding fifteen per cent of the original procurement;
- For reasons of extreme urgency, emergency or events unforeseen by the organization, the time limits specified for open and limited-bidding methods cannot be met. Circumstances invoked to justify extreme urgency must not be attributable to the organization;
- When the price of goods and services is fixed by the government or any other authority, agency or body duly authorized by the Government on its behalf;

- Purchase of motor vehicle/motor cycles from local original manufacturers or authorized agents of a manufacturer at manufacturer’s price;
- Procurement relates to an item that was purchased within the year preceding the date, a procurement process is initiated using appropriate competition and market price of the item that has not been subject to major adjustments; and
- Any other situation in which the procurement officer believes that cost of competitive purchase exceeds the benefit of competitive price expected to be obtained

5.2.4 NEGOTIATED TENDERING

Organization may engage in negotiated tendering with one or more contractors with or without publication of procurement notice. This PROCEDURE shall be used when only when:

- The supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
- For technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular contractor;
- For reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the procuring agency.

Any organization desirous of using alternative methods of procurement shall record its reasons and justifications in writing for resorting and shall place the same in record, for future reference.

5.3 SIGNIFICANT PROCUREMENT POLICIES

Unless otherwise specifically agreed with the donor, the following shall be HWA’s policy. The Procurement s will be divided in the following categories:

- Petty Procurements up to PKR. 50,000;
- Procurements up to PKR. 50,000 to 250,000;
- Procurements up to PKR. 250,000 to 1,500,000; and
- Procurement exceeding PKR. 1,500,000.

5.4 APPROVING AUTHORITY

Approving Authorities regarding value of the items to be procured will be as:

APPROVING AUTHORITY AND THEIR LIMITS	
Estimated Amount	Approving Authorities
Up to PKR 50,000	In Charge Procurement
PKR 50,000 to 250,000	Departmental Head/RH/Equivalent
PKR 250,000 to 1,500,000	Competent Authority/President
Above PKR. 1,500,000	Competent Authority/EC

Note: Every change in policy/practice will require specific approval from the Executive Committee.

5.5 PROCUREMENT CATEGORIES

Procurement Categories regarding value of the items to be procured will be as:

PROCUREMENT LIMITS/PROCESS	
Amount limits	Process
PKR 25,000 to PKR 50,000	One Quotation
PKR 50,000 to 250,000	Three open Quotations
PKR 250,000 to 1,500,000	Three Sealed Quotations
Above PKR. 1,500,000	Local Tender Process

6. PROCUREMENT AND BID OPENING COMMITTEES

Committees shall be established for smooth and transparent execution of procurement process.

6.1 PROCUREMENT COMMITTEE

The Competent Authority shall nominate members who constitute the PC, which has the mandate to run and supervise procurement operations. The PC will consist of the following members:

- Competent Authority;
- Head of F&A;
- Head of Administration;
- In Charge Procurement; and
- Authorized Representative of the user Department.

6.3 BID OPENING COMMITTEE

Bid Opening Committee will constitute the following members:

- Finance Representative;
- Admin Representative;
- In Charge Procurement; and
- Authorized representative of the user Department.

NOTE: In case any member of the above mentioned committees is unable to attend meeting, the head of respective committee may decide to opt for another person to participate, in the committee(s) meeting, in the absence of that member.

6.5 TERMS OF REFERENCE FOR PC

PC will be responsible for the following:

- To finalize criteria for evaluation of options based on user requirements;
- To develop provisional contractual framework in consultation with legal advisor, where necessary;
- Preparation of bidding documents;
- Ensuring that the RFQ/RFP/Bid/ Proposal is circulated in accordance with the approved policy;
- Timely response to queries of the contractors intending to submit quotation/bid;
- Appointment of the BOC, a committee separate from PC;
- Evaluation of the bids/quotations against established criteria and preparation of short listing of contractors;
- Validation of bids/quotations through benchmarking and walkthroughs etc.;
- Preparation of CS for shortlisted contractors;
- Conducting negotiations with selected contractor, if necessary;
- Bids/quotations evaluation report;
- Selection of the contractor for procurement of an item based on evaluation as well as approval of the competent authority;
- Preparation of contract in consultation with legal advisor for procurement, where necessary;
- Ensuring transparency and fairness in all its responsibilities; and
- Such other responsibilities as assigned by the Competent Authority.

7. PROCUREMENT PROCESS OVERVIEW

For effective and efficient implementation of procurement processes, advance procurement planning is an important factor. Procurement planning is generally done in the following four steps/phases:

- Step One: Needs Assessment
- Step Two: Pre - Procurement
- Step Three: Procurement
- Step Four: Post- Procurement

This section briefly explains these four steps, whereas detailed processes, actions and decisions to be taken will follow in the subsequent sections. Each step in the procurement process defined above consists of several activities, which are briefly outlined in this chapter.

7.1 NEED ASSESSMENT

7.1.1 IDENTIFICATION OF GOODS AND SERVICES

Needs with complete specifications of all goods, works, services and consultancies to be procured are identified and included in the APP after obtaining necessary approvals from the designated authority.

7.1.2 PLANNING FOR PROCUREMENT

This step entails procurement planning in accordance with quantities approved by the designated authorities with respect to availability of funds.

7.1.3 PROCUREMENT REQUEST

This step deals with procurement related requests that are generated in accordance with the approved Procurement Plan.

7.2 PRE-PROCUREMENT

After receiving procurement requests, PC will initiate the pre-procurement PROCEDURE as outlined hereunder:

7.2.1 INVITATION FOR BIDS/QUOTATIONS

Keeping in view the nature of requirements and estimated costs, In Charge Procurement shall invite multiple bids/quotations.

7.2.2 COMPARATIVE STATEMENT

Upon receipt of quotations from contractors, PC will ensure the preparation of comparative statements briefly outlining particulars of each bid received for the purpose of analysis.

7.2.3 EVALUATION AND SELECTION OF BIDS/QUOTATIONS

PC will technically and financially evaluate bids/quotations in accordance with the criteria and specifications laid down in the bidding documents.

7.2.4 APPROVAL AND AUTHORIZATION

Approval and authorization of procurements rests with the PC.

7.3 PROCUREMENT

After the selection of a contractor, executing procurement is the third phase of the Procurement Cycle. The activities of this phase are given below:

7.3.1 PURCHASE ORDER

After the approval of the PC, PO shall be prepared and finalized with the contractor. It will contain all relevant terms and conditions that are applicable to a particular procurement transaction.

7.3.2 INTERNAL AND EXTERNAL DISTRIBUTION OF PURCHASE ORDER

Copies of the PO shall be distributed to all concerned departments for maintenance of records and recording of transactions.

7.3.3 ORDER CANCELLATION

In Charge Procurement shall notify the contractors regarding cancellation of order upon request of the relevant Departmental Head. However, all such cancellations will be subject of review by the PC.

7.4 POST-PROCUREMENT

The last phase of the procurement cycle is known as “Post Procurement” and consists of following activities:

7.4.1 MONITORING

Subsequent to placing the order, In Charge Procurement is responsible for monitoring and follow-up of all pending orders up till delivery of goods at designated sites.

7.4.2 INSPECTION

The designated staff of the Admin department will carry out inspection of goods received.

7.4.3 ACCEPTANCE/REJECTION

The goods which are as per specification and requirements will be accepted and entered in GRN.

7.4.4 TAX EXEMPTIONS AND LEGAL FORMALITIES

If organization under certain circumstances is exempt from certain Local/Provincial/Federal taxes, the exemption certificates/documents will be provided to the contractor.

7.4.5 CLEARANCE OF BILLS

On clearance of goods received and delivery of contractor's invoice, F&A Department will process the request for payment according to the terms agreed upon in the PO under guidance of the F&A manual.

7.4.6 CONTRACTORS APPRAISALS

The PC is also responsible for ensuring that agreements entered with respect to goods, works, services and consultancies are executed. Complete supporting documents for contractors who do not perform, must be filed for further reference and legal proceedings, if any.

The Executive Committee RESOLVED and unanimously approved the Procurement Policy of HWA with additions and revisions under Agenda item no 1 in the Executive Committee Meeting held on 15th July, 2021.

Member Exective Committee

Member Exective Committee

Member Exective Committee

Member Exective Committee

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Member Exective Committee

Vice President

Treasurer

President

General Secretary

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Abid Hussain

Member Executive Committee

Fida Hussain

Member Executive Committee

Mashooqee M

Member Executive Committee

Imtiaz

Member Executive Committee

Zahid

Member Executive Committee

Samina

Member Executive Committee

Khadija Khadija

Member Executive Committee

Ms. Hwa

Member Executive Committee

Sikander

Member Executive Committee

Saiqa

Member Executive Committee

Ms. Shakeela Jai

Vice President

Naila

Treasurer

Akram Ali

President

Asghar

General Secretary

Hari Welfare Association

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