

VERSION June 2018



African Population and Health Research Center (APHRC)

**REVISED
PROCUREMENT MANUAL**

June 2018

Table of Contents

1	General Introduction	6
2	Purpose.....	6
3	Scope.....	7
4	Mission Statement.....	7
5	Purchasing.....	7
5.1	Introduction.....	7
5.2	Procurement Process.....	7
5.2.1	Key Procurement Offices.....	7
5.2.2	Buyers	8
5.3	Familiarity with APHRC Procedures.....	9
5.4	Buyer’s Responsibilities	9
5.4.1	Buyers to Only Buy From Pre-qualified Suppliers	9
5.4.2	Exemption to Pre-Qualification	10
5.5	Buyer Department and User Responsibilities	10
5.5.1	Needs Assessment.....	10
5.5.2	Requisitioning	10
5.6	Purchasing.....	12
5.6.1	Purchasing Methods.....	12
5.6.2	Solicitations and Quotations	15
5.6.3	Considerations in Preparing Solicitation Documents	15
5.6.4	Instructions to Offerors	16
5.7	Alternate Proposal.....	16
5.8	Modifications to Bid/Proposals.....	16
5.9	Currencies and Payments.....	16

5.10	Bid/Proposals Securities	16
5.11	Performance Securities	17
5.12	Checklist for ITB and RFP.....	17
5.13	Offeror’s Queries	18
6	Submission and Receipt of Offers	18
6.1	Submission of Offers	18
6.2	Receipt of Offers.....	19
6.3	Opening of Bids/Proposals.....	19
7	Purchase Processes.....	20
7.1	Solicitation of a Supplier.....	20
7.2	Establishment and Maintenance of a Pre-qualified Supplier Programme.....	21
7.3	Re-evaluation of Preferred Suppliers	22
8	Competition.....	22
8.1	Policy Statement	22
8.2	Suppliers Listed on Pre-qualified Supplier List.....	24
8.3	Decisions on Purchase to Depend on Supplier’s Compliance	24
8.4	APHRC Does Not Submit or Engage in Reciprocity in any Purchase Transaction.....	24
9	Conflict of Interest and Buying Ethics.....	25
9.1	Resolution of Supplier - Buyer Disputes	25
9.2	Buying Ethics - When Does Conflict Occur?	25
9.3	Buyers to Complete Annual Disclosure Forms.....	25
9.4	Buyers and Users Must Inform Supervisors if They Know or Suspect Conflict of Interest	25
9.5	Conflict of Interest Identification and Resolution Procedures	26
9.6	Good Judgment and Professionalism.....	26
9.7	Decline Personal Gifts	27

9.8	Anti-Kickback Clause	27
9.9	Conflict of Interest and Buying Ethics.....	27
9.10	Buyers to Read and Understand Restrictions.....	27
9.11	Small & Medium Enterprises and Vulnerable Groups Utilization	28
10	Services	28
10.1	Scope.....	28
10.2	Terms of Reference (TOR)/Statement of Work (SOW)	28
10.3	Call for Request for Proposals	28
10.4	The Two Envelope System	29
10.4.1	Prequalification Process	29
10.4.2	Contracts for Provision of Services	29
11	Appendices.....	30

GLOSSARY OF TERMS

APHRC	African Population and Health Research Center
USAID	United States Agency for International Development
RFQ	Request for Quotation
ITB	Invitation to Bid
RFP	Request for Proposals
DC	Direct Contracting
LPO	Local Purchase Order
LSO	Local Service Order
TOR	Terms of Reference

PURCHASING POLICIES AND GENERAL GUIDELINES

1 General Introduction

African Population and Health Research Center (APHRC) is a not-for-profit organization headquartered in Nairobi, Kenya, that conducts high quality policy-relevant research on population, health, education, urbanization and related development issues across Africa. APHRC (hereafter referred to as the Center) actively engages policymakers and other key stakeholders to achieve measurable policy impacts and to ensure that decision making across the continent is informed by rigorous evidence-based research.

This Procurement Manual sets out guidelines to be followed by the Center's staff when procuring goods and services. The Facilities and Administration Unit (hereby referred to as the Unit) is responsible for the procurement of all goods and services for the Center. In addition to fulfilling internal requirements, the procurement process will comply with all applicable government regulations, as well as specific contractual terms. The Unit will strive to exceed the expectations of both internal and external parties and is committed to providing the highest level of service possible.

The text for this document has been developed from a review of the requirements of project staff, support services staff, donors and other stakeholders.

2 Purpose

The purposes of these guidelines are to:

- i. simplify, clarify and modernize the regulations governing procurement at APHRC;
- ii. provide for increased confidence in the procedures followed in procurement by the organization;
- iii. provide safeguards for the maintenance of a quality procurement system that is founded on the principles of integrity. Procurement activities and information shall be considered confidential and shall not be passed to unaffected parties. No information regarding vendors or their bids shall be made available to any other vendor;
- iv. ensure fair and equitable treatment of all persons who deal with the procurement system in the Center;
- v. provide increased economy in APHRC procurement activities and maximize to the fullest extent practicable the purchasing value of funds;

- vi. permit the continued development of procurement policies and practices.

3 Scope

This Procurement Manual covers the entire procurement process of goods, works and services except for low value items that are purchased through petty cash.

4 Mission Statement

The Mission of APHRC Procurement Unit is: *“To provide the highest level of service through quick response, quality assurance, and optimal pricing, while complying with our internal and donor requirements.”*

5 Purchasing

5.1 Introduction

Purchases at the Center are classified into the following categories:

- a. *Routine goods and services* required for the day-to-day running of the Center. These are fairly predictable both in quantities required and the time when they are needed.
- b. *Specific goods and services* required for specific projects. These are not predictable and will only be required when the project to which they are required for is being implemented.
- c. *Capital items* that are envisaged by the annual budget.

5.2 Procurement Process

5.2.1 Key Procurement Offices

The Tender Committee

The goal of the Tender Committee is to support and facilitate the procurement operations of the Center and its associated programs. It shall remain the overall body responsible for approving the Center’s procurements.

Facilities and Administration Unit

This Unit will serve as the procurement department until such a time when the activities of the Center have expanded to a level requiring a separate specialized office. The Unit will be the main facilitator in the procurement process.

The procurement of goods and services will be conducted expeditiously.

A completed Purchase Requisition Form is necessary for all items (see Appendix I)

The Unit will work with staff to define and clarify what is required. The Unit has expertise in procuring goods and services and will make judgment as to whether orders are to be combined or modified. The Unit may suggest alternatives for items that maximize value for money e.g. items that are less costly, of better quality, or more readily available.

All purchase information gathered directly by a staff member from a vendor is to be forwarded to the Unit. The intent is to ensure that the Unit is aware of any price, product or delivery terms that have been identified or negotiated by a staff member. The Unit will determine if these are the best terms and employ them at its discretion.

Purchases will be made in order to avoid buying unnecessary items. The requisitioner and approving authority will first agree that the item is needed and is appropriate. The Unit will review the purchase request based upon the quantity ordered and current inventory. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine the most economical and practical purchase. The Unit will review the purchase request, considering the length of the contract and purchase history (of the item and for the project), among other factors.

5.2.2 Buyers

The overall procurement function shall rest with the Tender Committee under the guidance of the Executive Director or his/her designate.

The Committee shall include the Finance Manager who will act as the *de facto* chair plus representatives from program units including at least one senior researcher (of the rank of Research Scientist and above) and also ensuring that each division is represented. The Division Heads will make recommendations for these appointments to the Executive Director.

Individual members of the Tender Committee will serve for a two-year term renewable for a further term of two years. The committee may co-opt a specialist where the goods to be purchased are too technical in nature and would require detailed specifications. The Executive Director or his/her designate may select a specialist committee for review of major bids e.g. construction, strategic consultancies, etc. Such committees may include outsiders and in some cases Board members. Where such a committee has been put in place, the

Tender Committee shall appoint one of its members to serve in that specialist committee. The approval by the specialist committee will not be subject to further reviews by the Tender Committee.

Departments that make up APHRC will identify their needs on a quarterly basis and submit a list (in line with their approved budgets) to the Tender Committee for review and approval - for regular and predictable purchases. This will ensure that the Center buys in bulk and hence enjoys attendant benefits. For unpredictable purchases, the departments shall submit their requests as they arise and in the agreed format.

5.3 Familiarity with APHRC Procedures

It is expected of all persons involved in the procurement process from the requisitioner to the members of Tender Committee to be conversant with APHRC procurement procedures in all respects. In as much as is possible, all persons involved in the procurement process from the requisitioner to members of the Tender Committee will be trained in procurement on an annual basis and shall sign such forms as may be required after training.

5.4 Buyer's Responsibilities

5.4.1 Buyers to Only Buy From Pre-qualified Suppliers

Except where exemptions have been allowed under these guidelines, supplies may only be purchased from suppliers who have undergone the pre-qualification process. In order to qualify for prequalification, suppliers are expected to provide the following documents:

- a. Certificate of Incorporation/Business Registration Certificate
- b. Current Tax Compliance Certificate
- c. PIN Certificate
- d. VAT Certificate
- e. Current Trade License
- f. Copies of the company's audited accounts for the previous three (3) years, if the company has been in existence for longer than three years.
- g. References of reputable organizations where they have or are supplying/offering goods /services similar or commensurate to those applied for.

5.4.2 Exemption to Pre-Qualification

All hotels, manufacturers and supermarkets are exempt from the prequalification process. Public companies are also exempted since their business information is shared with members of the public. Personalized services that are consultancy in nature, or companies enjoying monopoly in the market are also exempt and an alternative form of engagement will be used. The bidding process in consultancy should include a requirement for them to provide a profile or CV that will indicate their capacity to handle the job.

Other alternative ways of obtaining company information can also be used, in which case the supplier will not be required to present documentation. Currently, most organizational websites provide such information as the company's audited accounts and their track record as presented in the annual reports.

Where an exception is given for any other reason, a justification statement will be required.

5.5 Buyer Department and User Responsibilities

5.5.1 Needs Assessment

The Buyer/User unit, department or program/project is tasked with the responsibility of performing a needs assessment for their specific areas. It is envisioned that these needs will have been built into their annual budgets (and by extension the overall Center's annual budget).

5.5.2 Requisitioning

5.5.2.1 Requisition Forms

The requisitioning program must document details of all specifications of items to be procured on the Requisition Form. As a minimum, this information shall include:

- i. Clear and accurate description of goods or services requisitioned.
- ii. Quantities required, including the unit of measure applicable to the quantity. In some instances, the specified measure may not be available, in which case another measure will need to be agreed upon, e.g., cases vs. cartons of goods or boxes vs. reams of paper.
- iii. The location to which the goods are to be shipped, if not APHRC Campus, and any shipping and handling requirements.
- iv. The signature of the requisitioner and the date of submission to the approving

authority. All requisitions must be accompanied by quotations.

- v. The signature(s) of the approving authority and the date(s) of the approvals. It is important to note that requisitions with some approval authority may still need an additional signature if the purchase exceeds their limit.
- vi. The project that the goods and/or services should be charged to.
- vii. A description of the item; or the exact item, including a catalog, part and model number.
- viii. Any necessary special instructions (e.g., the required delivery date for the goods or services, suggested vendor, point of contact).

5.5.2.2 Justification for Purchase Forms

A completed Justification for Purchase Form is required for USAID purchases and for exceptions to normal purchasing procedures. The Form is available from the Unit and on the intranet. This Form includes the following data.

For all purchases:

- Date
- Requisitioners' name
- Project title and number;

For purchases to be made with USAID funds, the Form also includes:

- Details of the need for the equipment
- Explanation of how the equipment is to be used
- Identification of who will use the equipment
- If it is a replacement, an explanation of the disposition of the original equipment;

For non-USAID purchases, provide justification for requests for:

- An exception to the procedures on quotations
- Sole source items
- Capital equipment that differs from existing equipment
- Restricted chemicals

- Overseas purchases in the local market
- Items purchased from companies that do not appear on the pre-qualified list of suppliers.

The Unit will annotate the requisition with the date it was received.

In most instances, the Unit can determine an appropriate item and its associated cost from the information provided on the requisition. In some cases, it is necessary to obtain more information and/or the requisitioner's approval for a modification. In such instances, the purchasing staff member will annotate the requisition with the agreed-upon modification.

Requisitioners will be notified of items for which minimum quantities must be ordered. They will be given the option of ordering this quantity or substituting with another item. The Unit will proceed with the purchase through the creation of a purchase order. Staff should note that overseas shipments will incur additional charges.

5.6 Purchasing

5.6.1 Purchasing Methods

Once the requisition has been approved, the Unit shall decide on the method of procurement (modality) to be used. Selecting the correct procurement method is one of the most critical aspects of the procurement process. The methods used by APHRC for procurement of supplies shall be as follows:

- i. Request for Quotation (RFQ)
- ii. Invitation to Bid (ITB)
- iii. Request for Proposal (RFP)
- iv. Direct Contracting (DC)
- v. Purchasing using credit cards
- vi. Purchasing through the Internet

The selection of a procurement method shall be determined and/or influenced by the following considerations:

i. Request for Quotation

This method is the most flexible and least formal. It will be used for procuring goods, services, and/or works if the contract amount exceeds US\$ 500 but is less than US\$ 5,000. However, if the items are required on a repetitive basis and the cumulative value of the

contract exceeds US\$ 5,000, RFQ may not be the appropriate method. The basis of award in RFQ shall be price. There should be a minimum of three responsive quotes to evaluate the offer.

ii. Invitation to Bid

An Invitation to Bid (ITB) will be used whenever the vendor is not required to propose technical approaches to a project activity, or to offer management or supervision of an activity. Another criterion in selecting this method will be the contract amount, which shall be US\$ 5,000 or more.

ITBs shall be used when the supplier is to provide its cost requirements to meet precise specifications sought by APHRC. It will also apply to works, contracts and services, which shall be expressed quantitatively and qualitatively.

The process will call for open advertising or by inviting bids from a short list of pre-qualified suppliers.

To ensure economy and efficiency, the contract shall be awarded to the supplier who is qualified, most responsive and offers the lowest price. *The term 'responsive' herein means that the supplier meets most of the requirements i.e. specifications, delivery terms, and APHRC terms and conditions, etc.*

iii. Request for Proposals

Request for Proposal (RFP) shall be used when the inputs and/or outputs cannot be quantitatively and qualitatively expressed at the time the invitation is made, such as when consulting or similar services are sought. A RFP will also be used for purchase of complex goods where the user department is not sure of the functional specifications and wish to seek proposals.

A RFP will lead to the selection of the proposal that is most responsive to the specified requirements, including price and other factors. Where appropriate, the RFP shall indicate that negotiation may be undertaken with respect to one or more proposals prior to the award of contract.

This method shall be used for contracts exceeding US\$ 5,000. All other formal requirements as stated in this manual shall be adhered to.

To achieve best value for money and avoid any bias, the APHRC Tender Committee may find it essential to develop a detailed list of evaluation criteria. This will involve using the two envelope system, i.e., seeking both a technical proposal and a financial proposal in two separate envelopes.

iv. Direct Contracting

Direct Contracting without competition shall be used as an appropriate method under the following circumstances:

- a. The value of the procurement is less than US\$ 500. However, the Head of Procurement Unit will assess that he/she is getting the best price.
- b. There is no competitive market-place for the requirement, such as where monopoly exists, where prices are fixed by legislation or government regulation, or where the requirement involves a proprietary product or service.
- c. There has been a previous determination or there is a need to standardize the requirement.
- d. Offers for identical requirements have been obtained competitively within the last twelve months and the prices and conditions offered remain competitive.
- e. A formal solicitation conducted within the last 12 months has not produced satisfactory results.
- f. The proposed procurement contract is to purchase or lease real property.
- g. There is a genuine urgency for the requirement.
- h. The proposed procurement contract relates to obtaining services that cannot be objectively evaluated.
- i. The Unit Manager determines that a formal solicitation will not give satisfactory results. The rationale for such a conclusion has to be documented.

For contracts exceeding US\$ 5,000, an advance approval of the Tender Committee will be sought before using this method unless in cases of emergencies.

v. Purchases using Credit Cards

This method may be used where appropriate. The Finance Manager will assess whether APHRC is getting the best value for money. Before implementing this method, all necessary approvals will be sought and obtained from the Finance Manager through the normal requisition procedures.

vi. Purchasing using the Internet

This method may be used where appropriate. All other provisions in relation to requisition and authorization must be met before execution.

5.6.2 Solicitations and Quotations

Solicitation Documents

Solicitation documents shall be used to request offers for the goods, works or services required. While the details and complexity of solicitation documents will vary according to the nature and value of the requirements, they shall contain all information necessary to prepare a bid, proposal or quotation that will provide the best value for the required goods, works or services to be provided.

Solicitation documents will, as appropriate, include the following elements:

- i. An invitation to offer
- ii. Instructions to the offerors
- iii. Form of the offer requested (bid, proposal or quotation)
- iv. Form of the proposed contract
- v. General and specific conditions of contract
- vi. Technical specification/terms of reference/statement of works
- vii. Evaluation criteria and minimum qualification requirements.

5.6.3 Considerations in Preparing Solicitation Documents

While drafting the solicitation documents, the following factors shall be considered by the Unit Manager in close consultation with members of the Tender Committee:

i. Lumpsum Considerations

Offers shall be invited on a lump-sum basis when the bidding document covers a large number of low cost line items, in respect of which separate contract awards would not be advantageous for APHRC's logistics. In such cases, offerors shall not be permitted to respond on an item basis or an "all or nothing" basis.

ii. Similar Items Considerations

Similar items shall always be grouped whether or not bids on group basis are requested. In cases where items are dissimilar, the Unit shall split the item in separate invitations.

5.6.4 Instructions to Offerors

These shall be prepared to meet the particular requirements of individual contracts. The purpose of the document shall be to convey information and instruction that will govern the preparation and evaluation of offers.

The instructions shall contain a list of the documents required to form a complete tender. Offerors will be informed that an offer will be rejected unless it is substantially responsive. When determining the offer period, the Unit Manager must ensure that adequate time is available for suppliers to prepare their offers taking into account the size and complexity of the project/supplies. This will vary from one week to four weeks depending on whether it is standard off-the-shelf item or requires a detailed proposal.

5.7 Alternate Proposal

Suppliers shall be informed of whether an alternative proposal will be considered or not. If applicable, the alternative proposal will include full details of specification, environmental specifications (if any) and cost in order to allow a fair technical and financial evaluation of the proposal.

5.8 Modifications to Bid/Proposals

The supplier shall be informed that if he/she has delivered, posted or dispatched the offer prior to the formal submission date, he/she has the right to modify or make corrections to it, provided that any such modification or corrections are received prior to the time specified for submission of bids/proposals. The original bid/proposal thus modified or corrected will be considered as the official offer.

5.9 Currencies and Payments

Specific instructions shall be given concerning the currencies to be used in the preparation of the offer. The supplier will be advised in which currency/(ies) to quote and payments will be effected in the same currency/(ies) unless there is mutual agreement to pay in another currency. The conversion to be used will be as per the operational rate of the exchange payment date.

5.10 Bid/Proposals Securities

This will be applied to discourage the participation of unqualified suppliers and others who

are not serious. The requirements for a bid/proposal security shall be determined on the basis of value and complexity of the contract.

This will be used for all contracts exceeding US\$ 50,000 and the amount shall be 2% of the estimated contract value. It shall be stated as a specific sum rather than a percentage of the contract amount. If a bid/proposal security is required, a form shall be included in the solicitation documents. If a bid/proposal security is requested, any offer that has not been so secured shall be rejected.

The period of validity of the security shall equal the period of validity of the tender plus the time allowed for the supplier to provide the performance security under the terms of the eventual contract between APHRC and the contractor.

5.11 Performance Securities

Performance securities shall be used for high value contracts (exceeding US\$ 50,000). This is required to secure the performance of the contract during its warranty period. The recommended performance security in the form of a bank guarantee will be 10% of the contract amount.

A performance security should be denominated in the currency of the contract and shall be in one of the following forms:

- i. Bank guarantee or irrevocable letter of credit, issued by a reputable bank;
- ii. Cashier's cheque or certified cheque;
- iii. Performance bond; or
- iv. Percentage of total payment held as retention money until final acceptance.

The performance security shall be returned to the Supplier within 30 days of completion of the contract, including any warranty obligations.

5.12 Checklist for ITB and RFP

The following checklist, which indicates subjects that shall be covered, shall be used to assist in the preparation of instructions to suppliers:

- i. The language of the offer
- ii. The number of copies of the offer that are required
- iii. Validity period of the offer
- iv. A document other than those issued as part of the solicitation document which the supplier must include with his/her offer (e.g. technical description or drawings, quality control, environmental impact, etc.)
- v. Procedures for issuing additional attachments to the solicitation documents

- vi. Procedures for dealing with queries raised by suppliers
- vii. Instructions for packing, labeling and addressing the offer
- viii. Circumstances under which alternative offers may be submitted
- ix. Arrangements for opening of tenders
- x. Procedures for dealing with arithmetic errors found in offers during evaluation

- xi. Information about the evaluation criteria
- xii. Rules relating to disqualification/rejection of offers (e.g. late arrivals, altered figures, incomplete submissions and deviations)

5.13 Offeror's Queries

Offeror's queries shall be handled by correspondence or by pre-bid/proposal conference or by a combination of the following methods:

i. Correspondence Method

Any offeror requiring clarification of the solicitation document should submit the queries to the Unit Manager in writing. The Unit Manager shall prepare and dispatch written replies to queries. These replies, together with the text of the queries shall be sent to all offerors without quoting the source of the queries.

ii. Pre-Bid/Proposal Conference Method

With the conference method, queries directed to APHRC shall be dealt with at a pre-bid/proposal conference. As far as possible, oral answers shall be given by the Unit Manager during the conference.

Within a reasonable time after the conference, the Unit Manager shall send all offerors, whether present at the conference or not, a full set of minutes recording both the queries and formal replies. Representation from each offeror shall be limited to two persons at the conference.

6 Submission and Receipt of Offers

6.1 Submission of Offers

- i. It is the responsibility of offerors to ensure that the offers are with the Unit Manager by the due submission date and time, properly signed by authorized signatories.
- ii. If offers are delivered by hand, offerors shall obtain a receipt from the Unit Manager recording the date and time of delivery.
- iii. Bids/proposals received after the appointed time shall be immediately returned, unopened, accompanied by an explanatory letter giving the date and time of receipt.

6.2 Receipt of Offers

- i. In the case of a RFQ, the offers shall be received by the concerned procurement official directly either by postal mail, hand delivery or e-mails.
- ii. In the case of an ITB or RFP all bids/proposals are to be received by a person not directly concerned with the procurement. All bids/proposals are to be time/date stamped upon receipt and dropped in a locked tender box, until the bid opening time and date.
- iii. Access to the locked tender box shall be confined to the personnel duly authorized by the Unit Manager. Where email responses have been approved, the dedicated email account procurement@aphrc.org is to be afforded the same degree of control as the postal replies. with a password protected email account and access confined to an authorized person only.
- iv. Any bids or proposals inadvertently opened before the due date are to be brought to the attention of the Unit Manager for further action.
- v. Unsolicited bids/proposals shall be rejected.

6.3 Opening of Bids/Proposals

- i. All bids shall be opened publicly at the time and place specified in the Invitation to Bid (ITB). Opening shall be held on the same day that the offers have to be submitted.
- ii. All bids received in time shall be listed along with an abstract covering the following information:
 - a. Supplier's name
 - b. Bid price
 - c. Price of alternative bids, if appropriate
 - d. Bid security (if requested)
- iii. The foregoing information shall be recorded on a suitable form signed by the opening officer and an appropriate witness.
- iv. Public opening for proposals received in response to a Request for Proposal (RFP) is not essential, since the price proposals cannot be opened without completing the technical evaluation.
- v. Suppliers submitting more than one bid or proposal must clearly mark which the

current version is. Where this is not evident, the bid/proposal that gives most advantageous terms to APHRC is to be considered.

- vi. Only those suppliers who are submitting bids may attend the bid opening. International suppliers may authorize their local agent to represent them.

7 Purchase Processes

7.1 Solicitation of a Supplier

Quotations will be solicited by e-mail, telephone (with a paper follow-up) and the response will be expected to be answered within 5 working days by e-mail. Quotations will be expected to include exact charges for goods/services and shipping and handling, where applicable. If exact delivery charges are not specified an estimate should be included.

After quotations are received, ranking will be done and the supplier offering the best value for money will be selected.

A Local Purchase/Service Order LPO/LSO will be issued to the winning bidder. As a minimum the LPO/LSO must contain the following information:

- i. Date
- ii. Name of Supplier
- iii. Description of Goods/Services ordered
- iv. Quantities
- v. Name and signature of issuing officer
- vi. Name and signature of approving officer (see approval matrix appended)
- vii. Delivery period/Schedule
- viii. LPO/LSO distribution should be as follows:
 - a. Original copy to supplier
 - b. One copy to Finance
 - c. Book copy

7.2 Establishment and Maintenance of a Pre-qualified Supplier Programme

APHRC handles its procurements through a pre-qualified supplier program. This will entail the following activities:

- i. Sourcing of suppliers
- ii. Registration of pre-qualified suppliers
- iii. Pre-qualification of suppliers
- iv. Evaluation of new suppliers
- v. Evaluation of old Suppliers.

The following are guidelines on the operation of the activities as set out above.

A. Sourcing of Suppliers

The first step in selecting suppliers will be market research, particularly if the product or service has not been procured before. A number of tools available for this initial phase will include:

- i. Procurement-related websites
- ii. Yellow pages for local suppliers
- iii. Trade publications, directories, supplier catalogues and professional journals
- iv. Consultation with colleagues in similar organizations who might have purchased a similar product or service
- v. Open invitation through advertisement in the media.

B. Registration of Prospective Suppliers

Supplier list maintenance shall include supplier pre-qualification and supplier performance monitoring. The Unit Manager needs to re-qualify all suppliers at least every three years.

C. Evaluation of New Suppliers

Once a list of potential suppliers has been developed, evaluation of each supplier's capabilities will be made. The key guidelines in this area shall include the following:

- i. Technical capacity to deliver the goods and/or services as per schedule.
- ii. Financial strength: compute widely used financial ratios e.g. Quick Ratio (ratio of quick assets and current liabilities) which should be more than 1. This ratio should

reflect on the liquidity position of a potential supplier.

- iii. For high valued contract (exceeding US\$5,000) and technically complex products, the Unit Manager where necessary may contact rating and reporting agencies specializing in providing such investigative services for a fee. They are expected to furnish him/her with detailed reports on a company's production facilities, financial and management status.
- iv. Evidence of meeting national or international quality standards for the product offered or evidence of national and international acceptance of its services.
- v. Capacity to provide after-sales-service for the goods or services provided
- vi. Quality assurance program such as ISO 9000 certification
- vii. Environmental impact i.e. ISO 14000 certification
- viii. Compliance with APHRC General Terms and Conditions.

7.3 Re-evaluation of Preferred Suppliers

Users will regularly re-evaluate preferred suppliers' performance, price and adherence to APHRC's requirements. This shall be done through meetings, emails, satisfaction surveys, etc.

8 Competition

8.1 Policy Statement

All purchase-related transactions shall be conducted in open and free competition. The Unit will use contractors who employ competitive practices that do not restrict or eliminate competition or otherwise restrain trade.

Exceptions to Competition

Competition is the foundation of all procurement systems. The laid down review and approval processes must be followed strictly to ensure that the waiver process is not abused.

In case of situations where the buyer must waive competitive bidding, he/she must obtain prior authorization and must document the reasons necessitating such waiver. Submissions to APHRC Tender Committee for waivers shall be reviewed against the following list of permissible reasons and the justification for its use.

The following are reasons/circumstances when competitive bidding may be waived:

Permissible Reasons	Justification/Practical Consideration
Established prices/rates	Indicate name of regulatory body or law that controls rates or establishes prices. Attach a current printed rate schedule if available.
Proprietary product or service	Explain why other sources do not have the capacity to perform adequately.
Standardization	Provide plain, simple, direct information based upon facts so that a person without technical expertise can follow the rationale.
Competitive bidding conducted for the same item during the last year	Provide detailed information on prices and delivery. There should be no increase in prices.
Procurement or lease of real property	Provide the prevalent market rates in that area.
Competitive bidding conducted during the last year has not produced satisfactory results	Provide detailed summary of the previous competitive bidding process and its outcome.
Professional services that cannot be objectively evaluated	This relates to research and development services.
Formal solicitation will not give satisfactory results	Provide the detailed cost estimates.

Rush Orders:

Rush orders are created for items that must be procured on short notice. A reason for the need must accompany the order. Acceptable reasons include, but are not limited to, replacement for failed equipment, lost item, and sudden overseas trip.

The procedure for requesting a rush order is to contact the Unit (preferably by telephone and Email) and detail the need. Official requisition must follow. Emergency and last-minute items should be purchased in this manner and not via Center or personal charge cards.

It should be noted that a justifiable description of the urgency shall be clearly communicated either on phone or on the Email (the urgency cannot be the result of slow administrative processing or a general lack of planning).

A consideration of the adverse impact that APHRC would suffer if the delivery schedule were modified to permit rush orders should also be clearly spelt out.

8.2 Suppliers Listed on Pre-qualified Supplier List

An annual approved pre-qualified supplier list will be maintained. This list shall be updated on a needs basis. Pre-Qualified suppliers will be allowed to present new bids when the review is being undertaken.

8.3 Decisions on Purchase to Depend on Supplier's Compliance

The decision to buy from a particular supplier will depend on the supplier's compliance with APHRC terms and conditions.

8.4 APHRC Does Not Submit or Engage in Reciprocity in any Purchase Transaction

APHRC does not permit reciprocity in any purchase transactions. Any reciprocal financial transactions between a supplier and an employee, whether before or after pre-qualification, are prohibited. It does not matter that the transaction is at arm's length or not.

9 Conflict of Interest and Buying Ethics

The purchasing department shall be guided by the following ethical principles.

9.1 Resolution of Supplier - Buyer Disputes

The Tender Committee shall arbitrate in case of Supplier-Buyer disputes. In case of dissatisfaction with its ruling, the aggrieved parties may appeal to the Executive Director whose ruling is final.

9.2 Buying Ethics - When Does Conflict Occur?

Conflict of interest may arise in the following situations:

- i. When the member of staff involved in procurement, his partners, immediate family, his other businesses or firms, has financial or other interest in the firm dealing with APHRC.
- ii. When the organization dealing with APHRC is about to employ the employee or a member of his immediate family.

9.3 Buyers to Complete Annual Disclosure Forms

Procurement staff should adhere to the Center policy on gifts as contained in the Human Resources Manual. Procurement staff including Tender Committee members shall complete annual disclosure forms where they shall disclose all gifts and benefits from suppliers and their value. The forms will be handed over to the Director of Operations who shall determine what action to take.

Each member of staff involved in the procurement process must sign a declaration where he/she will state any relationships that may exist with any particular supplier.

9.4 Buyers and Users Must Inform Supervisors if They Know or Suspect Conflict of Interest

Any person involved in the procurement process must inform their immediate supervisors when they know or suspect that a conflict of interest situation may arise or has arisen. The supervisor will investigate and take corrective action and may instruct the concerned person to disqualify himself/herself from further participation in that process.

9.5 Conflict of Interest Identification and Resolution Procedures

The following table analyses situations where conflict of interest may exist and offers the probable resolution procedures.

Situation	Resolution Procedure
Member of staff was an employee of potential supplier	Disqualify from process
Employee has family ties with supplier through spouse or immediate family	Disqualify from process
Employee has had past business dealings with supplier	Disqualify from process
Employee has other social or political relationships that may impede his/her independence	<ul style="list-style-type: none"> · Disqualify from process or · Obtain declaration of independence

9.6 Good Judgment and Professionalism

The standard of conduct for all staff involved in procurement activities will include:

- i. During the pre-solicitation phase, staff may not allow supplier (s) access to information on a particular acquisition before such information is available to the business community at large. Further, staff may not use unnecessarily restrictive specifications or statements of work that may discourage competition.
- ii. Staff may not solicit or accept, directly or indirectly any gratuity, gift, favors, entertainment or any promise of future employment from anyone who has or is seeking to obtain APHRC business.
- iii. Employees having a financial interest in one or more suppliers and/or their agents responding to an APHRC solicitation are prohibited from any involvement in the procurement action.
- iv. Employees shall not disclose proprietary and source selection information, directly or indirectly, to any person other than a person authorized to receive such information.

9.7 Decline Personal Gifts

Any personal gifts or other favors must be declined and the immediate supervisor made aware of any attempts to present such gifts or favors. The supplier who attempts the foregoing shall be made aware that this amounts to canvassing and may lead to disqualification.

9.8 Anti-Kickback Clause

Personal loans shall not be accepted from an individual or organization having actual or prospective dealings with the Center unless such individual or organization is in the business of making loans to individuals.

Association with supplier representatives at luncheons, dinners or business organization meetings is helpful in establishing better business relations, and is neither questionable nor unethical provided the employee remains free of obligations.

Any employee engaged in purchasing who has assumed, or is about to assume, a financial or other business relationship that may involve a conflict of interest, shall immediately inform the supervisor of the circumstances involved. This information shall be reviewed at an appropriate level for a decision as to whether a conflict of interest is present and, if so, what course of action shall be taken.

A letter outlining the gifts and gratuities policy may be issued to all suppliers.

9.9 Conflict of Interest and Buying Ethics

Except for casual benefits such as hospitality, or gifts worth less than \$50 equivalent, employees shall not accept or agree to accept any money, gifts, or other benefit on behalf of themselves or anyone else, from a person or institution having dealings with the Center. No gift may be accepted in cases where it is obvious that the gift will result in an expected reciprocal action from the Center. Gifts of substantial value that cannot be rejected without undue embarrassment are to be turned over to the Center for appropriate disposition.

9.10 Buyers to Read and Understand Restrictions

A separate detailed code of ethics that incorporates the expected behavior and conduct of purchasing staff shall be made available to both concerned staff and suppliers. The code of ethics shall consist of, at the minimum, the contents of this Section 9 of this Manual. The rules and regulations governing APHRC procurement procedures shall be posted on the Centers' website and reference to them made on all correspondence with suppliers.

9.11 Small & Medium Enterprises and Vulnerable Groups Utilization

Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises, and not only when contracts and donor requirements mandate this. All contractual obligations will be met or exceeded.

10 Services

10.1 Scope

Most of the procedures related to procurement of supplies/works/and other contracts are detailed in the earlier sections of this Manual and will equally apply to procurement of services.

10.2 Terms of Reference (TOR)/Statement of Work (SOW)

Terms of Reference or Statement of Work shall be used for contracting of services. TOR/SOW shall define the work required of a contractor, either to design the equipment to be procured or to provide services.

TOR /SOW shall include the following elements:

- a. Detail all tasks the contractor must perform and specify co-ordination requirements
- b. Specify the data that must be submitted for approval
- c. Define the schedules for initial submission and the review/approval time required
- d. Describe all the standards the contractor must fulfill that are applicable to the project.
- e. The TOR/SOW must be sufficiently explicit to ensure that all prospective bidders have a similar understanding of what is required.

10.3 Call for Request for Proposals

To achieve best value for money, the process of selecting a contractor shall ensure the following:

- a. Maximized competition
- b. Minimized complexity of the solicitation, evaluation and the selection decision
- c. Impartial and comprehensive evaluation of offeror's proposals
- d. Selection of the source whose offer has the highest degree of realism and whose

performance is expected to best meet APHRC requirements stated in the solicitation documents.

10.4 The Two Envelope System

Definition

The two envelope system refers to the procurement process where bidders are requested to submit both technical and financial proposals in separate envelopes.

10.4.1 Prequalification Process

Bidders shall be requested to submit separate envelopes as above. Opening of bids shall follow the same procedure as in supplies.

The technical proposals will be opened first, ranked and marks awarded by the Tender Committee.

For those bidders whose technical proposals do not qualify, their financial proposals should then be returned unopened.

Financial proposals of those who qualify on technical basis shall then be opened and evaluated. A cut off mark shall have been predetermined by the Tender Committee. This will ensure that bids which are ridiculously low (submitted by bidders who are not serious or competent) and those whose bids are outrageously high (submitted by bidders who just want to maximize profit) are weeded out.

Marks shall be awarded again on the financial proposals.

A weighted average of both the technical and financial proposals shall then be computed and the highest scorers pre-qualified.

10.4.2 Contracts for Provision of Services

Contract for provision of services shall be signed a few days from the date of award. This allows for proper planning by both APHRC and the provider including any necessary revisions that had not been foreseen during prequalification.

The existing Kenya Public Procurement & Disposal Act provides that service contracts should be for up to two years. APHRC shall limit contract periods to two years except in cases where it can be demonstrated that there is no value in reviewing contracts every two years. In such cases, a longer contract may be drawn with very clear termination clauses. Examples of such contracts

include those for services where a similar fee is charged to clients e.g. courier services. New contracts should be drawn after expiry of the stipulated time.

It should be noted that short term contracts allow flexibility. APHRC may even get better value for money after a new prequalification process is undertaken and a new contract signed.

11 Appendices

Approving Authority Matrix

A Purchase Requisition Form requires authorization for the expenditure of funds. This is the listing of those authorized to sign, with U.S. dollar (or Kenya shilling equivalent) limitations:

1. The Program Head and/or the Director of Operations approves expenses in excess of US \$1,000 (where these relate to their areas) before the Tender Committee give the final approval. For purchases above US\$ 10,000, the Executive Director approval is required.
2. Under USAID regulations, approval for all purchases above \$ 10,000 shall have to be obtained from the Grant/Contracting Officer at USAID offices.

APPENDIX I

AFRICAN POPULATION & HEALTH RESEARCH CENTER PURCHASE REQUISITION FORM

REQUISITIONER'S NAME:								
DIVISION/OFFICE: RU CODE (If applicable)								
NAME & DELIVERY ADDRESS:								
REQUISITIONER: AUTHORIZED BY:								
SIGNATURE DATE.....								
FUND	OBJEC	SOURC	PROJ	UNIT	EMPID	BCM	REF	AMOUNT
ITEM	QTY/UNIT	DESCRIPTION					PRICE/UNIT	TOTAL
SPECIAL INSTRUCTIONS (IF ANY).....								
.....								
<input type="checkbox"/> Check if Justification/Donor Memo is required and attach								
ACCOUNTING DEPARTMENT USE								
ONLY INTENDED VENDOR/PAYEE:								
VENDOR NO:								
ADDRESS:.....								
Instructions for completion of this form can be found in Section 5.5.2 (Requisitions) of the APHRC Purchasing Guidelines.								

APPENDIX II

AFRICAN POPULATION & HEALTH RESEARCH CENTER JUSTIFICATION FOR PURCHASE FORM

This form is to be used when purchases are to be made with USAID funds [Part B], or when an exception to normal purchasing procedures is requested [Part C]. It is to be attached to the Requisition Form.

PART A - To be completed on All Requests

Date:

Requisitioner's Name:

Project Title & Number:

PART B - For purchases to be made with USAID Funds

Brief Description of Equipment:

How Equipment Will Be Used:

By Whom Equipment Will Be Used:.....

If Equipment is a Replacement, Detail Disposition of Original Equipment:

.....

PART C - For exception to normal purchasing procedures, check all those that apply and provide written justification below:

An exception to procedures on quotations [Section 11.4]

Sole source item

Capital equipment that differs from existing equipment

Restricted chemicals

Overseas purchases made in the local market

Written Justification:

.....

.....