

## CHAPTER 6: PROCUREMENT

This Chapter discusses the procurement mechanism and guidelines to be followed by project partners at National, State and district levels.

### 6.1 Procurement Guidelines for NPMU

1. Procurement and delivery of inputs under NPMU will follow FAO's rules and regulations for the procurement of supplies, equipment and services (i.e. Manual Sections 502 and 507). Manual Section 502: "Procurement of Goods, Works and Services" establishes the principles and procedures that apply to procurement of all goods, works and services on behalf of the Organization, in all offices and in all locations, with the exception of the procurement actions described in Procurement Not Governed by Manual Section 502. Manual Section 507 establishes the principles and rules that govern the use of Letters of Agreement (LoA) by FAO for the timely acquisition of services from eligible entities in a transparent and impartial manner, taking into consideration economy and efficiency to achieve an optimum combination of expected whole life costs and benefits.
2. As per the guidance in FAO's Project Cycle Guide, the NPMU will draw up an annual procurement plan for major items, which will be the basis of requests for procurement actions during implementation. The first procurement plan will be prepared at the time of project start-up, if not sooner, in close consultation with the BH, FLO and LTO. The plan will include a description of the goods, works, or services to be procured, estimated budget and source of funding, schedule of procurement activities and proposed method of procurement. In situations where exact information is not yet available, the procurement plan should at least contain reasonable projections that will be corrected as information becomes available.
3. The procurement plan shall be updated every 12 months and submitted to FAO BH and LTO for clearance, together with the AWPB and annual financial statement of expenditures report for the next instalment of funds.
4. The BH, in close collaboration with the NPSC, the LTO and the Budget and Operations Officer will procure the equipment and services provided for in the detailed budget in line with the Annual Work Plan & Budget (AWP&B), in accordance with FAO rules and regulations.

### 6.2 Procurement guidelines for Operational Partners (OP)

5. SPMU at state level and GLIU at landscape level will ensure that the procurement processes comply with the Operational Partners Agreement (OPA). The OP will procure the equipment and services provided in the Project Document, and the procurement plan attached with the OPA following its own rules and regulations in compliance with generally accepted international standards for public procurement. The Operational partner should ensure that its procurement rules and procedures, and their implementation

adheres to the principles of transparency, proportionality, sound financial management, equal treatment and non-discrimination, and avoidance of any conflict of interests.

6. Procurement plans shall be consistent with annual work plans approved by the NPSC. The OP will prepare and submit to FAO a semi-annual procurement plan (including procurement by any entity under subcontract with the OP) as provided in Annexure 6 of the OP Agreement along with Fund Requisition Form(Annexure 4 of the OPA), as provided in **Annexure 1**.
7. For procurement related to services, the OP needs to hire external agency, if any, by following their own processes, but at the same time ensuring that the commensurate quality output is produced by that agency.
8. The OP shall ensure that potential candidates, tenderers or grant beneficiaries shall be excluded from the participation in a procurement or award procedure financed under the Operational Partner's Agreement, if they meet either of the criteria set out below or in further guidance provided if procurement is authorized:
  - a) they, or persons having powers of representation, decision-making or control over them, have misrepresented information required as a condition of participation in the tender procedure or if they fail to supply relevant information.
  - b) they are individuals or entities listed in the Consolidated United Nations Security Council Sanctions List (<https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>), or
  - c) they are subject to a conflict of interests.
9. The OP shall inform FAO when a candidate or tenderer is in one of the situations noted above or in further guidance, provided procurement is authorized, or when a contractor financed from the present contribution has been found guilty of making false declarations or committing substantial errors, irregularities and fraud.
10. Without prejudice to the right of FAO or the Resource Partner to exclude an entity from future contracts and grants financed by it, financial penalties may be imposed to contractors by the OP according to its own rules and procedures.
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13. In the event of failure to comply with the above provisions, the relevant costs may be declared ineligible for funding by FAO, at the latest before acceptance of the Final Report.
14. Any transfer of assets from FAO to OP requires approval, in writing, of both the Resource Partner and the Government. The transfer of any assets will be done in accordance with procedures and policies of FAO and the Resource Partner's agreement.

15. The OP shall be responsible for the proper custody, maintenance and care of all non-expendable equipment procured with funds transferred under this Agreement. The OP shall maintain a register for all the procurements made. The entries in the Register should be verified by the Team Leader/ State Technical Coordinator and append his/her signature. This register will be used for audit purposes. Further, OP shall submit an inventory of equipment to FAO, indicating description, serial number (where applicable), date of purchase, original cost, condition, and location of each item. This inventory shall be attached to the six-monthly progress reports.
16. The OP shall, for the protection of such equipment during implementation of the Project, obtain appropriate insurance in such amounts as may be agreed upon between the Parties and incorporated in the Project budget. In cases of damage, theft or other losses of vehicles and other property made available to the OP, the OP shall provide FAO with a comprehensive report, including police report, where appropriate, and any other evidence giving full details of the events leading to the loss of the property. An inhouse inquiry shall also be conducted by the OP to fix the accountability of staff, if any. If anyone is found accountable for the lapse, appropriate recovery shall be made from them to make good the losses. FAO will also be apprised of the outcome of such inquiry.
17. Equipment procured by the OP under the Operational Partner's Agreement can only be disposed upon prior authorization of FAO. The OP shall submit a final inventory of equipment to FAO and a proposal for the disposal/transfer of the said equipment, unless otherwise agreed upon between FAO and the OP, within one month of the Project implementation completion date and imperatively before the termination of this Agreement.
18. The OP should also confirm that it has not engaged, nor will engage, in any corrupt, fraudulent, collusive or coercive practices in entering into or implementing this Agreement, and agrees to adhere to the UN Supplier Code of Conduct (which can be viewed at [http://www.un.org/depts/ptd/pdf/conduct\\_english.pdf](http://www.un.org/depts/ptd/pdf/conduct_english.pdf)). The OP shall immediately report to FAO any allegation of corrupt, fraudulent, collusive, coercive, unethical, or obstructive practices, and shall report the progress of measures taken by the OP to investigate and address the allegations. For the purpose of this Agreement, the following definitions shall apply: (a) corrupt practice is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; (b) fraudulent practice is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial and/or other benefit and/or to avoid an obligation; (c) collusive practice is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; (d) coercive practice is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; (e) unethical practice is any act or omission contrary to the conflict of interest and other published requirements of doing business with FAO; and (f) obstructive practice is an act or omission that may prevent or hinder investigation by the OP, FAO, or persons or entities assigned by the OP or FAO for such tasks.

19. Upon winding up of the OP's activities under the OP Agreement, the Parties shall consult as to the disposition of all non-expendable property provided by FAO or acquired from the Fund Transfers to the OP with regard to the Project. FAO may decide that such non-expendable property shall be transferred for use by another OP. In that case, the OP shall, upon written instructions by FAO, transfer ownership of such property to the OP designated by FAO.

## **Annexure 1: Request for Funds**

### **REQUEST FOR FUNDS**

**Project FAO Symbol:**

**Project title:**

**Operational Partner Name:**

**OPA starting date:**

**OPA ending date:**

**Fund Transfer Request period: ... to....**

Based on the OP's Work Plan and detailed Budget the requested funds for the indicated period will be used for the following components, outputs and activities:

Components/outcome description:

**Component/outcome 1:**

Outputs description:

**Output 1.1**

Activities description:

**Activity 1.1.1.**

The following supporting documents are integral part of the present request for funds:

1. Appendix 1: Request for Funds Form for the next reporting period
2. Appendix 2: Itemized Cost Estimate
3. Appendix 3: Updated Work Plan
4. Appendix 4: Updated Procurement Plan

I hereby certify that the information contained in this request for funds is full and true, that the estimated costs for which funds are requested are eligible in accordance with the OPA.

The detailed supporting documents for all expenditures incurred will be made available for examination.

Certified by the Operational Partner Authorized Official:

Title and name:

Date:

Certified by the FAO Budget Holder: signature

Name:

Date:

Annexure 15 - Appendix 1: Request for Funds

| Expenditure category <sup>1</sup> | Unspent Balance from previous reporting period (USD) | Estimated expenditures for next reporting period total (USD) | Net funds required for next reporting period | Comments. Short description of inputs and the outputs they will be contributing to |
|-----------------------------------|--|--|--|--|
| <b>Total Outcome/Component 1</b>  |  |  |  |  |
| <b>Total Output 1</b>             |  |  |  |  |
| Total Activity 1.1                |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
| Total Activity 1.2                |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
| <b>Total Project Management</b>   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
|                                   |  |  |  |  |
| <b>Grand total</b>                |  |  |  | -  |

<sup>1</sup> The structure, format and level of detail should follow the budget structure to facilitate monitoring of advances, expenditures and balance.

Annexure 15 - Appendix 2: Itemized Cost Estimate

| Item No.                        | Item Description | Unit | Quantity | Unit price /cost | Total Amount |
|---------------------------------|------------------|------|----------|------------------|--------------|
| Outcome/component 1             |                  |      |          |                  |              |
| Output 1                        |                  |      |          |                  |              |
| Activity 1.1                    |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 | Sub-total        |      |          |                  |              |
| <b>TOTAL OUTPUT 1</b>           |                  |      |          |                  |              |
| Output 2                        |                  |      |          |                  |              |
| Activity 2.1                    |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 | Sub-total        |      |          |                  |              |
| <b>TOTAL OUTPUT 2</b>           |                  |      |          |                  |              |
| <b>Project Management</b>       |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 |                  |      |          |                  |              |
|                                 | Sub-total        |      |          |                  |              |
| <b>Total Project management</b> |                  |      |          |                  |              |
| <b>Grand total</b>              |                  |      |          |                  |              |



Annexure 15 - Appendix 3: Updated Annual Work Plan

| Results                      | Activities   | Year 1 |    |    |    |
|------------------------------|--------------|--------|----|----|----|
|                              |              | Q1     | Q2 | Q3 | Q4 |
| <b>Outcome/ component 1:</b> |              |        |    |    |    |
| <u>Output 1</u>              | Activity 1.1 |        |    |    |    |
|                              | Activity 1.2 |        |    |    |    |
|                              | Activity 1.3 |        |    |    |    |
|                              | Activity 1.4 |        |    |    |    |
| <u>Output 2</u>              | Activity 2.1 |        |    |    |    |
|                              | Activity 2.2 |        |    |    |    |
|                              | Activity 2.3 |        |    |    |    |

