



# Equality Myanmar

## Procurement Guidelines

Version 1.2

In effect from 1 June 2018

## Introduction

The purpose of these guidelines is to outline Equality Myanmar's standard procurement policies and procedures in an user-friendly, understandable and more effective way in order to facilitate follow-up and make reporting more consistent. The aim of the internal control system for procuring goods and services is to ensure orders are handled properly by individuals having the skills to evaluate what purchases are required from suppliers (or providers) offering the best deals.

Procurement guidelines must to be used as a tool when procuring goods and services by Equality Myanmar (EQMM)'s personnel (staff members, consultants/resource persons, interns and volunteers) and EQMM-supported network and sub-grant partners. These guidelines are aimed at ensuring transparency and avoiding any conflicts of interest in the procurement process by any individuals within the organization.

These policies and procedures can be further developed and improved following feedback and comments from users' experiences and utilization of the procurement guidelines. In this regard, the guidelines will be regularly reviewed and updated to reflect changes in staffing and organizational policies.

Failure to comply with these policies and procedures may be deemed as serious misconduct and merit disciplinary action by EQMM's Management Committee.

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## **I. General Principles of Procurement:**

Procurement for all goods and services within EQMM shall follow the following five keys principles:

1. Non-discrimination and Equality of Treatment
2. Respect of Human Rights
3. Anti-Corruption
4. Transparency
5. Confidentiality

### **1. Non-Discrimination and Equality of Treatment**

Promoting equality and non-discrimination is a fundamental element of EQMM's programs and operations. We believe in and promote respect for each other, not only among our beneficiaries but also among our staff. This principle prohibits any discrimination on any grounds. To this Policy's purposes, it means that all bidders shall be treated in the same manner, unless a difference is objectively justified. Contracting suppliers must remain non-biased and impartial towards all bidders.

### **2. Respect to Human Rights**

EQMM adopts a human rights-based approach in all its activities, which means integrating human rights norms and principles in the design, implementation, and monitoring and evaluation of all policies and programs. It also means increasing the ability of those with the responsibility for fulfilling rights to recognize and understand how to respect those rights, making sure they can be held accountable. To procurement purposes, this principle ensures that EQMM will as much as possible select suppliers, contractors, tenders, services or providers of goods that respect human rights in their day-to-day business activities. A black list of non-compliant business will be developed and kept by the Organization for record purposes.

### **3. Anti-Corruption**

Anti-corruption aspects are an important principle in EQMM's procurement procedures. All procurement procedures must be in compliance with EQMM's Anti-Corruption Policy.

### **4. Transparency**

The procurement process must be transparent and follow consistent procedures. EQMM does not prohibit EQMM's personnel, their relatives or a staff member's co-habitant to participate in the process of competitive bidding. However, it shall be transparent in the organization by way of disclosure. Meaning to say, from the very start the employed staff of EQMM shall disclose all his/her business and possible interest to bid for any goods or materials needed by the organization to avoid any conflicts of interest. It is advised that the consultants or suppliers are also under the duty to declare all conflicts of interest prior to entering into a contract with EQMM.

## 5. Confidentiality

All tenders, suppliers, contractors' information should be kept in a safe and secure environment to ensure that the confidentiality of tenders and requests are protected. Confidential information may include technical or trade secrets. The principle of confidentiality obligates the contracted suppliers to not examine the content of requests and information of tenders before the deadline the submission has expired.

## II. Procurement Policy

A staff member's work may require her/him to purchase goods and or services consistent with their organizational role and responsibilities. Purchasing goods and/or services must be in compliance with EQMM's donor-specific procurement policies and procedures.

## III. Procurement Procedures

### A. Purchase Requisition (PR)

A purchase requisition is a document that any EQMM staff member must complete to request a purchase of goods or provision of services. This Form must be addressed to the relevant staff within the Operation Departments.

**Exception List:** For the items listed below, it is not mandatory to complete the 'Purchase Requisition Form':

- Project beneficiaries' travel expenses (e.g. transport tickets for trainings participants)
- Administrative expenses (e.g. water bill, building maintenance, etc.)
- Stationery materials that are not reported on material distribution form (e.g. flipcharts, box files, etc.)
- Goods and materials worth less than 10,000MMK that are registered as "inventory" – see "Human Resources Policy and Procedures, Chapter 8. Office Administration - (e.g. office furniture, IT supplies, etc.)

#### A.1 Authority Delegation

Those authorized to approve the local procurement order with respective value threshold is outlined in the following table:

From Ks	To Ks	Rank for Approval
1	400,000	Officer, Coordinator, Manager, Director,
400,001	5,000,000	Coordinator, Manager, Director,
5,000,001	20,000,000	Manager, Director
20,000,001	Above	Director

## A.2 Procedures

- The 'Purchase Requisition Form' can be prepared by any staff member (the Requester).
- The 'Purchase Requisition Form' has to be submitted to the authorized signatory – see above table - for approval and signing.
- The signed form must then be submitted to the Supply Chain Coordinator (YGN) or Operations Officer (MDY) at least one working day in advance of the expected purchasing date to meet the requirement for obtaining two or three verbal quotations. The form must be submitted at least (5) five working days in advance of the expected purchasing date for obtaining three or five written quotations and at least (21) twenty one working days in advance of the expected purchasing date for a tender process.
- Upon reception of the 'Purchase Requisition Form', the Operations Officer (MDY) or the Supply Chain Coordinator / Operations Manager (YGN) will assign the Form to a logistic officer for the necessary processing. The Logistic Officer is expected to update and seek advice from the Supply Chain Coordinator throughout the process.
- In order to monitor the procurement request's status, the Requester and the Logistic Officer shall keep a copy of the 'Purchase Requisition Form'.
- The logistic officer (YGN) or Operations Officer (MDY) must complete the 'Procurement Tracking Sheets' on a monthly basis to ensure single procurement transactions are documented. Progresses and status of individual procurement tracking sheets will be reported to Supply Chain Coordinator on the first working day of every month. The Supply Chain Coordinator will consolidate all individual procurement tracking sheets and will report to Operations Manager on a monthly basis and not later than first week of every month.
- Purchase requisition numbers are recorded as follow: Equality Myanmar office location, PR, first two digit numbers of the running year followed by two digit representing the serial number within the monthly basis (i.e. EMY-PR-YYMM/15, EMM-PR-YYMM /15, EMK-PR-YYMM /15, etc.). The Logistic Officer (YGN) or Operations Officer (MDY) is responsible of tracking each serial number as soon as a new purchase request is received and will delegate to Logistic staff accordingly.

## B. Competitive Bidding

The Logistic Officer (YGN) or Operations Officer (MDY) is responsible for obtaining bid quotations when receiving a purchase request. When there are reasonable grounds for it (limitation of bidders or offers, unavailability of resource person, circumstances on the ground, etc.), it may be accepted not to complete a competitive bidding. A justification letter detailing the reasons and the process followed will need to be provided instead.

Based on the nature and value of items and equipment to be procured, numbers and types of bidders and quotations will vary. For further detail, refer to the table below:

## Goods

Procurement of goods shall be used when acquiring goods for EQMM organizational activities (e.g. computer equipment, projector, camera, printer, vehicle, copier, furniture, etc.).

An exception has to be made for the procurement of air tickets used by staff. Even though the provision should be considered under “Other services”, it is agreed that it will be regarded as special case and so will be subjected to the rules under “Goods” category.

From Ks	To Ks	Type of Competitive Bidding	Numbers of Competitive Bidding
1	100,000	-	0
100,001	200,000	Verbal	2 Bids
200,001	400,000	Verbal	3 Bids
400,001	1,000,000	Written	3 Bids
1,000,001	5,000,000	Written	5 Bids
5,000,001	Above	Tender	Invitation of Tender

## Consultancy Services

When needed, consultancy services might be required in the development of EQMM’s activities and projects (i.e. short term contract for trainings and workshop facilitation, external evaluations, audio visual production, etc.). In these cases, a ‘Short Term Consultancy Service Agreement Form’ must be issued by the responsible program and project staff and bidding will be subjected to the following thresholds:

From Ks	To Ks	Type of Competitive Biddings	Numbers of Competitive Bidding
1	199,999( per day )	-	0
200,000	399,999( per day )	Verbal	2 Bids
400,000	499,999( per day )	Verbal	3 Bids
500,000	Above( per day )	Written	3 Bids

## Other Services

Contracting for other services shall be used (i.e. food, venue, and accommodation for trainings, workshops, conferences, campaigns, audio-visual shooting locations, IEC materials production and campaign materials production, Vehicle renting, etc.). In these cases, a ‘Service Agreement Form’ must be issued by the responsible program and project staff and biddings will be subjected to the following thresholds:

From Ks	To Ks	Type of Competitive Biddings	Numbers of Competitive Bidding
1	1,000,000	-	0
1,000,001	2,000,000	Verbal	2 Bids
2,000,001	5,000,000	Verbal	3 Bids
5,000,001	10,000,000	Written	3 Bids
10,000,001	20,000,000	Written	5 Bids
20,000,001	Above	Tender	Invitation of Tender

If the quotation documents are not available from the suppliers, the Logistic Officer (YGN) or Operations Officer (MDY) shall use EQMM's 'Quotation Request Form' and obtain signature from suppliers. If the supplier refuses to sign the 'Quotation Request Form', the Logistic Officer (YGN) or Operations Officer (MDY) must issue an internal memo or note for justification.

### **B.1 Procedures**

The Logistic Officer (YGN) or Operations Officer (MDY) must complete and submit a 'Comparative Bid Analysis Form' with the supporting bids/quotation documents to the Requester for further decision of the Procurement Committee. The Requester is responsible of convening the Procurement Committee.

### **Procurement Decision**

- The Procurement Committee is composed of three individuals: 1) the Requester; 2) the authorized signatory; and 3) the assigned finance staff member.
- The Procurement Committee serves the purpose of making sure the procurement process of goods or services is as transparent as possible, and in-line with EQMM's Anti-Corruption Policy.
- Procurement decisions must be made in order to avoid out-of-stock status of the selected supplier which can affect local communities in the situation of a large procurement request. A market survey might be referred to on a regular basis when available.
- If there is a decision that needs to be made involving two or more choices, any Procurement Committee member can call for a vote. Each member's vote has equal weight and a decision is made by the simple majority.
- The Supply Chain Coordinator or Logistic Officer (YGN) or Operations Officer (MDY) can provide his/her recommendation but s/he should not be involved in the procurement decision.



- The Procurement Committee goes through the suppliers and vendors, analyzing according to the set-up selection criteria, and then selects a bidder to formalize the purchase and order contract.
- Comparative bid analysis numbers are maintained as Equality Myanmar office location, CBA, first two digit numbers as represent year and follow another two digit – serial number within the monthly basis (i.e. EMY-CBA-YYMM/15, EMM-CBA-YYMM /15, EMK-CBA-YYMM /15, etc). The Logistic Officer (YGN) or Operations Officer (MDY) is responsible to track each serial number as soon as a new CBA is issued.

## C. Procurement Contract/ Order and Payment Requests

### C1. Contract for procuring goods.

The Logistic Officer (YGN) or Operations Officer (MDY) is responsible for preparing the ‘Purchase Order Form’ to make a purchase contract with the selected supplier and/or vendor by the Procurement Committee. This must be done **no later than two working days** after the procurement decision is made. The ‘Purchase Order Form’ must be signed by both the Logistic Officer (YGN) or Operations Officer (MDY) and the suppliers. The Logistic Officer (YGN) or Operations Officer (MDY) must activate appropriate warranties and optional insurance against loss, theft and damage for the office item and equipment provided by the manufacturer or retailer. The providers of goods or services must be changed/replaced after one year contract in order to avoid dependencies on one specific provider. This is also to ensure exploring the market and selecting providers through a competitive bidding system.

Purchase order numbers are maintained as Equality Myanmar office location, PO, first two digit numbers as represent year and follow another two digit – serial number within the monthly basis (i.e. EMY-PO-YYMM/15, EMM-PO-YYMM /15, EKC-PO-YYMM /15, etc). The Supply Chain Coordinator or Operations Officer is responsible for tracking each serial number as soon as a new purchase order is issued.

### C2. Contracts for Consultants

In case an external expert is required by EQMM to perform certain duties, a short term consultancy contract can be subscribed. This short term consultancy contract will be based in the Terms of Reference previously developed by the relevant Department.

The relevant Manager or delegated program staff is responsible to prepare the ‘Short Term Consultancy Service Agreement Form’ for a consultancy service worth more than Myanmar Kyat 199,999/day or a total lump sum worth more than Myanmar kyats 499,999 for the same activity (e.g. trainings). A justification letter is acceptable in lieu of the Contract when ‘Short Term Consultancy Service Agreement Form’ is not available in certain situations and always based on reasonable grounds (i.e. actor/actress, Masters of Ceremonies or singer remuneration). The ‘Short Term Consultancy Service Agreement Form’ must be signed by the relevant Manager or delegated program staff and the

consultant. The consultancy service providers must be changed or replaced after three years of having a continuous contract in order to avoid conflict of interest. For External Audit, please refer to “Finance Policies & Procedures Manual -Version 5.2, Section 5”.

According to Myanmar tax laws and regulations, EQMM will hold 2% tax from payments to resident citizen and resident foreigner (more than 183 day in Myanmar) and 2.5% withholding tax deducted on the payment to non-resident foreigner (less than 183 day in Myanmar). All ‘Short Term Consultancy Service Agreement Form’ subscribed by EQMM will be subjected to withholding tax, no matter the amount (always worth more than Myanmar Kyat 199,999/day or a total lump sum worth more than Myanmar kyats 499,999).

Procedure for withholding tax:

1. Requester is responsible of holding 2% - 2.5% tax of any payment to Short Term Consultants upon payment of services.
2. The withhold amount will be handed over the Human Resources Officer within 7 seven days after the activity completion date.
3. The Human Resources Officer will be responsible to make payments to the Tax Authority (IRD), keeping a log of payments made, amounts and dates.
4. Once payment to Tax Authority is made, the Human Resources Officer will provide Tax Payment Slip to the individual consultant for his/her records.
5. At the end of the fiscal year (1<sup>st</sup> April to next year 31<sup>st</sup> March), Human Resources Officer will inform those consultants whose total payments hadn’t exceeded Myanmar kyats 500,000 that fiscal year if order for him/her to reimburse tax amounts from the Tax Authority (IRD).

### **C3. Contract for Other Services**

The Manager or delegated program staff or Logistic Officer (YGN) or Operations Officer (MDY) is responsible to prepare the ‘Service Agreement Form’ for other services worth more than Myanmar Kyat 1,000,000. A justification letter in lieu is acceptable when the ‘Service Agreement Form’ is not available in certain situations and always based on reasonable grounds. The ‘Service Agreement Form’ must be signed by the Program Manager or delegated program staff or Logistic Officer (YGN) or Operations Officer (MDY) and service provider representative. The service providers must be changed after three years of having a continuous contract in order to avoid conflict of interest.

For Office lease contract, a review of the conditions must be done at least after six years of having a continuous contract in order to avoid conflict of interest. On behalf of Equality Myanmar, Operations Manager or Operations Officer (MDY) must delegate to signatory at office lease contract.

### **C4. Payment Request**

Financial control is maintained as each purchase requires the approval of the concerned staff member.

Money is disbursed through the procedures of cash advance when the step of purchase order or Short Term Consultancy Service Agreement Form or Service Agreement Form is conducted with the suppliers or consultants. When procuring large quantities or expensive items (i.e. the value of goods and or services requires 5 competitive bids), the payment must be jointly done by the Program Manager or delegated program staff or Logistic Officer (YGN) or Operations Officer (MDY) and a finance staff member. The following supporting documents (i.e. Purchase Request Form, bids and quotations, Comparative Bid Analysis Form, purchase order and consultancy contract, supplier's invoice, goods received note and receipt along with payment vouchers) must be attached along with the procurement expenditure report.

#### **D. Tenders Procedures**

The aim of the formal tendering process is to subject the proposed provider to take part in a competitive bidding process in order to obtain the best value for the organization and to ensure that procedures used in the expenditure of project funds are sufficiently fair, impartial, transparent and robust to stand out to the closest scrutiny of outside partners (such as donors or auditors). This section provides guidance on managing the tendering process.

All goods purchases valued MMK 5,000,000 and above and service purchases valued MMK 20,000,000 and above must go through a formal tendering process and be publicly advertised. The Tender Evaluation Committee is composed of five staff members: the Requester, two Management Committee representatives, Deputy Director and the Finance Manager.

The general approach for requiring suppliers is an open-approach, where the interested suppliers may submit a tender, following the procedures below:

##### **Procedures: Open Tender**

This is a bidding process that is open to all qualified bidders and where a notice is posted complete with a specification and any firm can submit a tender, so that qualifying information (on financial viability, capability and capacity) will be considered in a single exercise along with the technical and price quotes. This may take minimum 21 working days and the process is as follows:

- 1.1 Tender advertisement will be made through newspapers or other sources to ensure public access such as Facebook or daily journal paper. The information that the advertisement needs to cover:
  - Title of notice – this is a short statement of the goods and/or services required.
  - Detailed description – is also required to provide a general summary of what you wish to purchase.
  - The place – where the goods and/or services will be delivered/performed.
  - Estimated value of the contract – over the whole contract period excluding VAT.
  - The required state date/delivery date.
  - Period of contracts – more relevant for services or long-term supply contracts.

- Qualification criteria – criteria for short-listed suppliers through the next stage.
  - Interested parties will be asked to provide some financial, economic, legal and technical information as standard (i.e. last 2 years audited accounts or details of main business activities over the last two years).
- 1.2 A closing date for reception of tenders should be set.
  - 1.3 A minimum number of applications needed to move forward with the process should be determined (minimum 3 tender envelopes)
  - 1.4 Following publication, all communications are to be formalized via the Tender Committee. General detail from internal meetings, number of participants and how the process is progressing is all confidential and not to be shared with any third parties.
  - 1.5 The Tender Committee should receive the applications and supporting documents from participating suppliers, then record the information provided against a checklist for each supplier.
  - 1.6 The checklist and applications should then be used to identify which suppliers might be short-listed and invited to the next stage.
  - 1.7 The tender committee will request EQMM’s Finance Manager to check the short-listed suppliers’ audited accounts to establish their financial stability and the findings should be reported back to the Tender Committee.
  - 1.8 The Tender Committee will then carefully reviews and score each of the applications against the agreed evaluation criteria. This results in a scoring table with the highest and lowest bidders’ scores. The Tender Committee will make their final scores and will use those to select the best performers and award contract(s).
  - 1.9 The decision must not be made on the basis of place of origin or the degree of foreign ownership and supplier’s affiliation of the biddings.
  - 1.10 Unsuccessful suppliers should have a chance to get feedback on tenders. This helps companies to gain a better understanding of shortcomings and how to improve for future biddings.
  - 1.11 The Tender Committee should issue the required documents follow tender procedures, such as, the tender advertisement, tender acknowledge form, instruction to tenders, suppliers’ appraisal form, simple contract and record of tenders, etc.

## **E. Goods Received**

Reception of procured items from suppliers or procurer must be certified by the Supply Chain Coordinator or Operations Officer (MDY) (or the Administrative Officer if the Supply Chain Coordinator is unavailable). The staff requesting the purchase must make sure all received goods meet the same quality and quantity as expressed in the order. “Goods Received Note” (GRN) must be prepared by the Logistic Officer (YGN) or Operations Officer (MDY). The Administrative Officer must be informed about received goods in order to track procedures (i.e. registration, labeling, storage, etc.) in accordance with EQMM’s Human Resources Policies & Procedures Manual (assets management session). A copy of GRN must be provided to the budget holders to be attached along with the payment voucher.

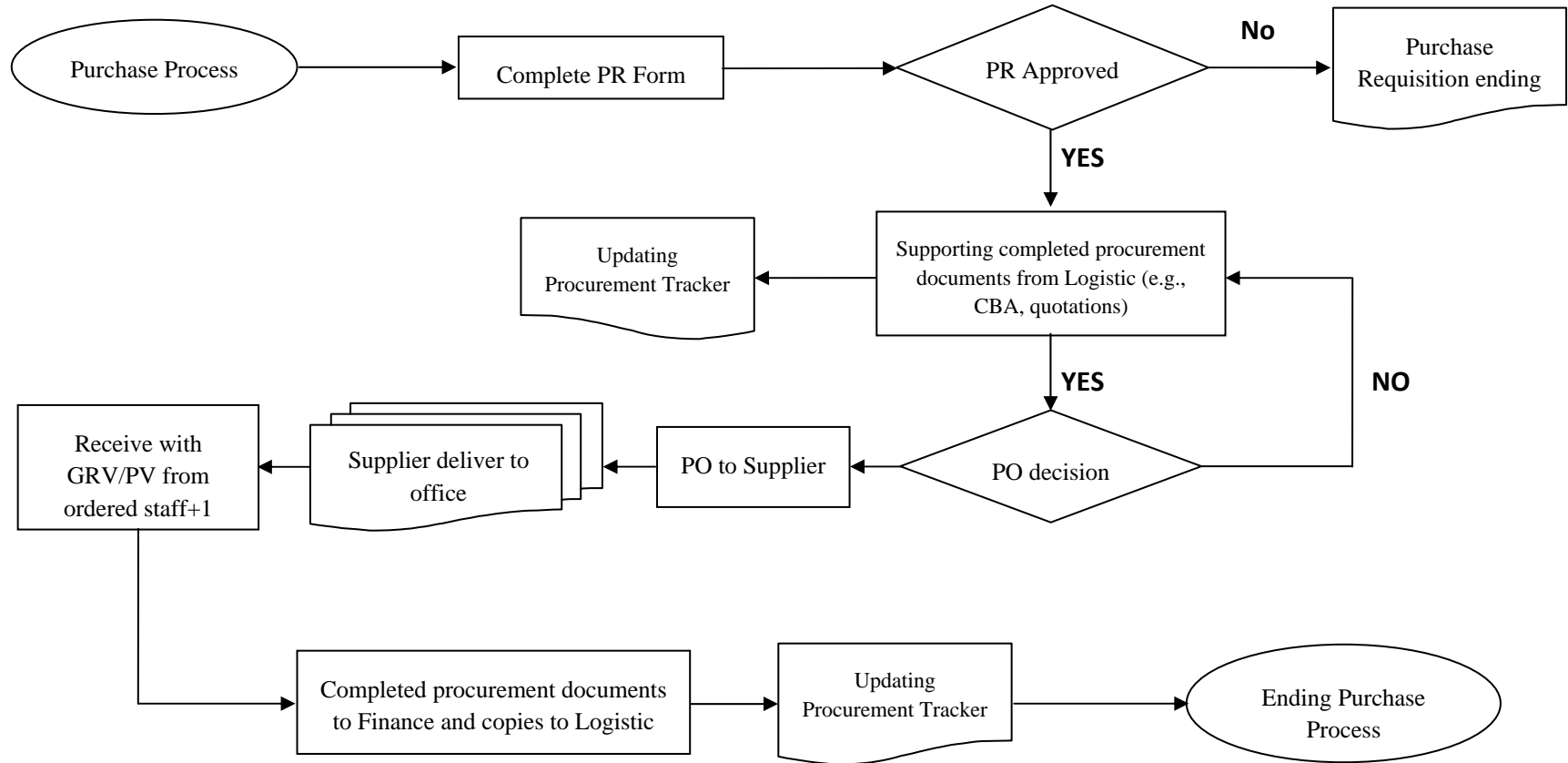
GRN numbers are recorded as follow: Equality Myanmar office location, GRN, first two digit numbers representing running year followed by two digit – serial number within the monthly basis (i.e. EMY-GRN-YYMM/15, EMM-GRN-YYMM /15, EKC-GRN-YYMM /15, etc). The logistic

officer (YGN) or Operations Officer (MDY) is responsible to track each serial number as soon as a new GRN is issued.

**F. Procurement Documents**

The procurement documents file shall contain all the documents and copies of each procurement transaction (i.e. the Purchase Request Form, quotations, Comparative Bid Analysis Form, contact information of suppliers, purchase contracts or orders, invoices, GRNs and any other pertinent documents).

## G. Procurement Flow Chart



PR=Purchase Request, PO = Purchase Order, CBA = Comparative Bid Analysis, GRN=Good Received Note PV = Payment Voucher

## **IV. Procurement Responsibilities**

### **H1. Budget Holder/Requester**

The Budget Holder/Requester is responsible for timely processing purchasing requests. This could be delegated to the Administrative Officer, Operations Officer (MDY), training staff, and Program Coordinator, Manager, etc. The Budget Holder is responsible for managing the project and delivering objectives that are within the budget. The Budget Holder should also prepare the payment in an advance request and h/she is responsible for checking the goods on arrival.

### **H2. The Logistic Officer or Operations Officer (MDY)**

The Logistic Officer (YGN) or Operations Officer (MDY) is responsible for sourcing providers and obtaining quotes and for advertising the offers in large procurement bids. H/she is usually responsible for going out to buy or receive goods delivered. If the logistic officer (YGN) or operations officer (MDY) is not available due to conflicting schedules or outside of the office area, the requester may take the role of logistic officer (YGN) or operations officer (MDY) for his/her procurement request but it must be confirmed by the logistic officer (YGN) or operations officer (MDY) and the procedures must comply with procurement guidelines.

### **H3. The Supply Chain Coordinator**

The Supply Chain Coordinator is responsible for giving an orientation to new staff and guide a series of discussions on current staff-related procurement guidelines, responsible for raising awareness of procurement procedures among project staff, to monitor and provide anti-corruption, transparency and cost efficiency focus in all process to Logistic Officers, to maintain and update procurement tracking sheet and records (including provider and suppliers black lists) implementing the procurement system identified by EQMM, to develop annual and quarterly procurement plans together with program Coordinator, organizing Tender process. She/he will be act as “first line” advisory resource for Logistic staff for Supply Chain issues.

### **H4. The Operations Manager**

The Operations Manager is responsible for reviewing and updating the policy in coordination with EQMM’s Management Committee, to oversee the full array of procurement functions of purchasing requisition, competitive biddings, procurement decision, contract and order, shipping, receipt and inspection, procurement documents and logistical assistance to program/projects operations. Operations Manager is also responsible for audit preparation and oversees and develops market surveys.

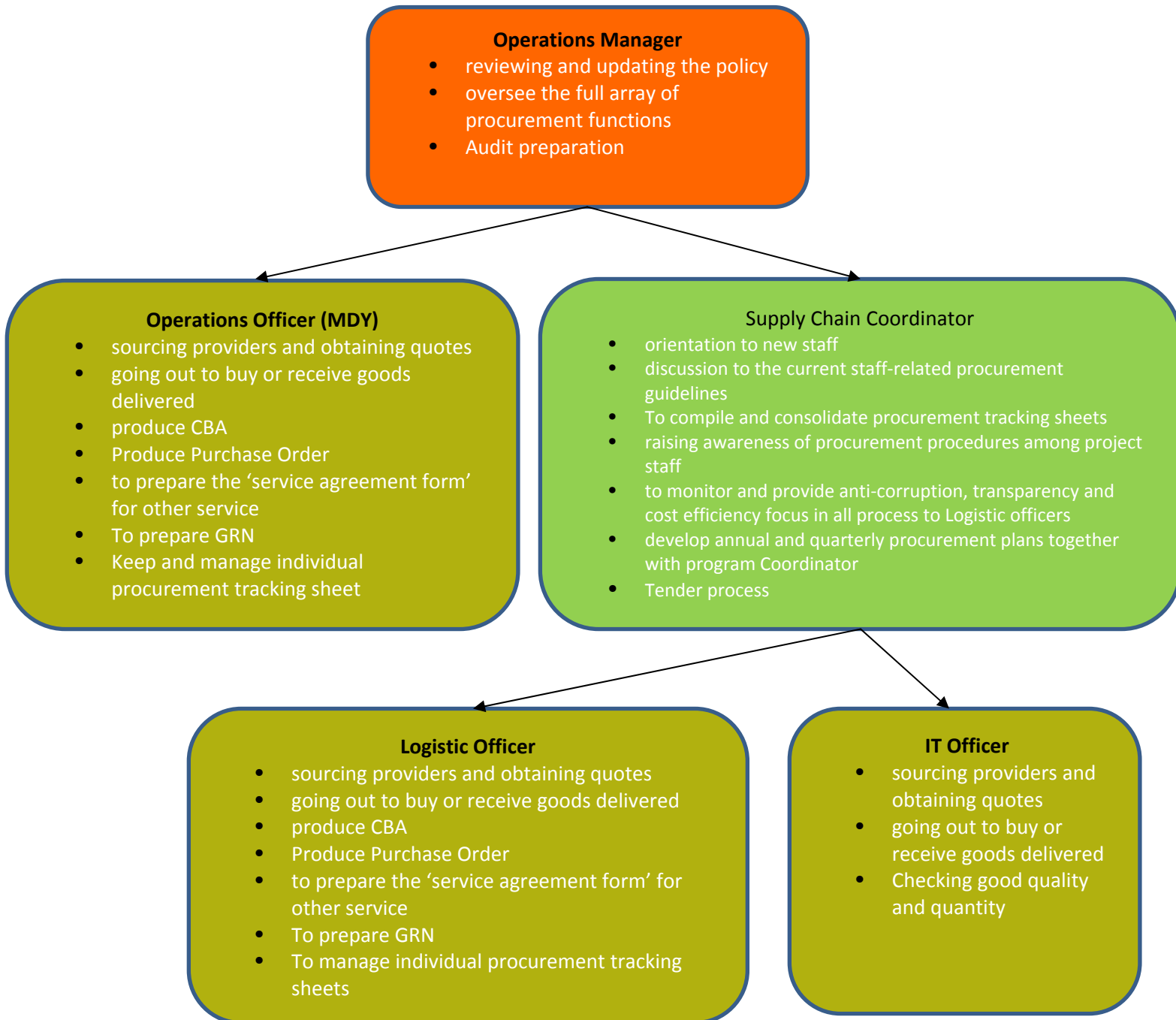
### **H5. Finance Team**

The assigned finance staff needs to be represented on the Procurement Committee and the Finance Manager needs to be represented on the Tender Panel/Team. The Finance Coordinator or Finance Officer will verify payment requests. The assigned finance staff issues the payment for a large amount jointly with the designate logistic staff or operations officer, records transactions in the accounting books and ensures that all the paperwork is properly documented and filed. If requested, the assigned

finance staff will make a payment to the providers directly.

## H6. Administrative Team

The Administrative Officer or Operations officer (MDY) is responsible for receiving the goods once delivered in order to complete administrative procedures such as registering, labeling, storage or transferring to respective staff members, etc.



## V. Procurement Documentation Templates

Modification to the standard forms is not accepted.



### **1.1. Standard Forms (Internally Generated)**

- i. Purchase Requisition Form
- ii. Request for Quotation
- iii. Comparative Bid Analysis Form
- iv. Purchase Order Form
- v. Short-Term Consultancy Contract Format
- vi. Service Agreement Form
- vii. Goods Received Note (GRN) Form
- viii. Procurement Tracking Form
- ix. Tender Form for a Supply Contract
- x. Supply Tender Opening Checklist
- xi. Summary of Tenders
- xii. Tender opening report
- xiii. Administrative Compliance Grid
- xiv. Evaluation grid

### **1.2. Sources Documents (From Providers)**

- i. Quotations
- ii. Proposals (e.g. for consultancy services)
- iii. Invoices
- iv. Goods Delivery Note (GDN)
- v. Receipts and Payment Vouchers