

## 1.3 Planning procurement

As part of the *implementation phase*\* of the project, where the *design phase*\* has helped identify needs that cannot be fulfilled with BRC-owned resources (such as stock, staff, licenses or premises), the programme team and procurement lead will need to raise a **procurement plan** to capture sourcing options and manage the programme team's expectations, in terms of what should be available when, to fulfil the activities that the programme has defined for itself.

The procurement plan is as much a work plan for the procurement team as a communications tool, and it will act as a service-level agreement between the procurement team/lead and the programme team/lead.

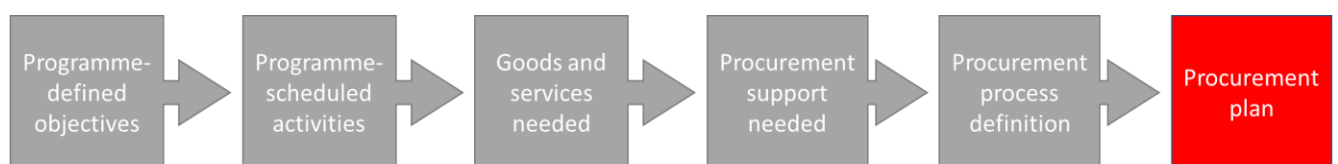
*\* these refer to the different stages identified in BRC's International Quality Methodology (IQM) process. Details available from BRC staff if required.*

### 1.3.1 The procurement plan

#### 1.3.1.1 How a procurement plan is designed:

- Programme-defined objectives
- Programme-scheduled activities to deliver those objectives
- What goods and services are needed to deliver those objectives, and when and where do they need to be available? This can include cash-based responses, such as cash vouchers or money transfer services
- How procurement will support the delivery of these items to the programme team: where are they available, at what cost and in what timeline? Identify options, analyse and select against agreed criteria
- Advise the best procurement process to support the delivery of these items in the given timeframe
- List all procurement needs identified with respective recommended procurement process in the procurement plan.

Note: an indicator of likelihood to change should be included in the programme plan for each activity and objective.



#### 1.3.1.2 Roles and responsibilities in developing a procurement plan

<b>DEVELOPING A PROCUREMENT PLAN</b>	<b>Responsible</b>	Procurement Lead	Programme Team		
	<b>Accountable</b>	Logistics department			
	<b>Consulted</b>	Finance	Warehouse	Technical adviser	UKO Logs
	<b>Informed</b>	Programme quality management	Programme Team		

### 1.3.1.3 Who can help develop a procurement plan?

- Those with experience from previous comparable programmes
- UKO Logistics Coordinators can give options, raise risks and plan support
- Finance staff may have a record of cost information from previous purchases
- The Cash Hub (Link here: <https://www.cash-hub.org/>) can provide information on options to deliver cash or services through a cash response
- Supply chain experts in your country of operation can help you ensure that the timelines set for each procurement process are reasonable, based on the sourcing market (for example, where importation is needed).
- IFRC and HNS colleagues in your country of operation might have pre-identified sourcing options to fulfil identified needs, such as long-term agreements with suppliers
- ICRC colleagues in your country of operation might have pre-identified sourcing options to fulfil identified needs
- Other organisations working in your environment might have pre-identified sourcing options to fulfil identified needs

## SUPPORT FOR PROCUREMENT PLAN DEVELOPMENT

<b>UKO Logistics</b>	<b>Experienced programme managers</b>	<b>Finance staff</b> (for cost indications)
<b>For cash programmes: the Cash hub</b>	<b>Supply chain experts with local expertise</b>	<b>IFRC, ICRC, HNS colleagues &amp; other organisations</b>

### 1.3.2 What to consider when developing the procurement plan

#### 1.3.2.1 How to obtain the goods

<b>Procurement</b> For high-value or high-risk items needed	<b>Purchasing</b> For lower value, low-risk items needed	<b>Donations</b> Where reliable sources have resources beyond their needs	<b>Loans</b> Where items can be temporarily supplied by partners with subsequent replacement
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### 1.3.2.2 Where to obtain the goods from and where to deliver them

#### Local

Small-scale retail, loan or donation system

#### National

Large suppliers who are part of a national supply network, national partners

#### International

International supplier or donors, IFRC/ICRC/PNS mechanisms

Note: The procurement plan also needs to define the exact delivery point for all the goods or services to procure.

By default, IFRC/ICRC resources are to be compared with other suppliers sourced by the procurement lead. When it is a matter of emergency, or when the full procurement files from IFRC/ICRC can be shared (including CBA and analysis), going to market to compare IFRC/ICRC resources against can be waived as a requirement.

**Waivers** must be submitted to the UKO Head of Logistics and approved on an individual basis, regardless of the value of the procurement. For procurement conducted in UKO, this is the role of CPT but for procurement done by International, this has been delegated to the International Logistics team. Where the procurement waiver is raised within one of the four International regions, it must be reviewed by the Logistics Coordinator before sign-off by Head of Logistics.

It is best practice to identify a need for a waiver as early as possible but to be compliant it must be issued in writing and approved by directors of logs prior to any contract award.

Note: All waivers requested and obtained must be logged on the procurement plan. For UK-based procurement, a list of the waivers requested/obtained must be kept on a **list of exceptions**. It is good practice to maintain a list of exceptions in all delegations/programmes offices.

See section 1.5.3 for more details on procurement waivers.

### 1.3.2.3 Defining responsibilities

The below table displays an example of how the procurement process can be broken down into steps, matching each step with responsible, accountable, consulted and informed stakeholders. This matrix should be completed, formally or informally, for each large procurement that is undertaken. There can be as many steps added to the matrix as necessary!

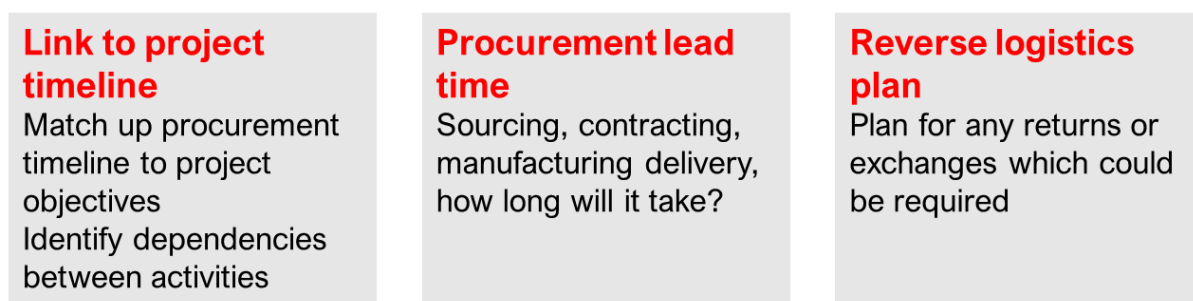
	Responsible	Accountable	Consulted	Informed
Defining needs				
Raising requisition(s)				
Validating procurement process/ route				
Procurement sign-off				
Order management				
Quality check at delivery				

Procurement stakeholders can be: requestor, finance representative, local procurement lead, regional procurement expert, UKO-based procurement expert, technical expert or a third-party service provider, such as a procurement agent within the HNS, PNS, IFRC or ICRC.



### 1.3.2.4 When to conduct procurement

<b>Link to project plan/log frame</b>	<ul style="list-style-type: none"> <li>• Which activity are the goods or services needed for?</li> <li>• What are the dependencies between activities and how might they impact the delivery timeline for the programme?</li> </ul>
<b>Establish reasonable timelines</b>	Plan: <ul style="list-style-type: none"> <li>• Order placement lead time</li> <li>• Sourcing lead time</li> <li>• Contracting lead time</li> <li>• Supplier delivery lead time</li> <li>• Transport mode and lead time</li> <li>• Import lead time</li> <li>• Quality inspection/analysis (if applicable)</li> <li>• Local delivery lead time</li> </ul>
<b>Plan for reverse logistics</b>	Sometimes, sourced supplies or related items must be returned to their source. This usually applies to equipment that needs to be taken down or returned (a temporary warehouse, for example) or containers and other special packaging that must be returned. This must be included in the process of scheduling procurement.



### 1.3.3 Documents to support the procurement plan development

Document	Obtain from
Project plan (including distribution plan, where relevant)	Programme manager UKO regional team
Financial thresholds and approval matrix	Local finance team

	UKO finance team
Market assessment	Logistics team (local or UKO) Assessment teams Previous programme managers Other organisations
Specialist procurement guidelines	Movement resources (ICRC/IFRC)
Donor requirements	Programme manager UKO regional team
Legal framework for procurement	Local procurement experts Local finance team
GAD	Programme manager UKO regional team
PNS due diligence reports	UKO regional team
Audit reports	UKO regional team UKO logistics team
Budget	UKO regional team Local finance team UKO finance team
HR matrix	Programme manager UKO regional team

## REFERENCE DOCUMENTS FOR PROCUREMENT PLAN DEVELOPMENT

**Project plan**

**Financial approvals matrix**

**Project budget**

**Specialist procurement guidelines\***

**Donor requirements\***

**Local procurement legal framework**

**Due diligence reports\***

**Audit reports\***

**Market assessment\***

**HR matrix & organogram**

\* Not always available or relevant

Where some of the above information is not available, it might be necessary to conduct a market assessment exercise in order to gather what is missing. The need for a market assessment needs to be identified at the *idea stage* of the project (see BRC IQM guidance document), as it can be time-consuming and impact on the timeline of the project.

Market assessments are normally required when starting a programme in an area where the BRC or implementing partner has not worked before and therefore has no historical knowledge of the local market. However, before conducting a market assessment, it is recommended that you consult with the wider humanitarian sector to confirm whether other organisations or government bodies have conducted a market assessment – results should ideally be shared. There are several tools available in the RC Movement to support logisticians and programme teams in the market assessment process:

- **Market analysis survey tool** to capture average prices and availability of standard goods and services

- Market assessments for cash-based interventions (such as RAM or MAG) are available from the Cash Hub: <https://www.cash-hub.org/guidance-and-tools>

Market assessments are also an important aspect of cash-based assistance programmes. The procurement team can be asked to lead or be part of the market assessment to support the definition of a Cash Transfer Programme (CTP).

Market monitoring and analysis are also tasks that the procurement team can be involved in. Although the market assessment in CTPs often focuses on the local market, it is important that the procurement team has knowledge of the regional and international market. This can help in the response option analysis and in the selection of the most appropriate response modality. For more details on market assessment and monitoring, refer to the Cash Hub and the logistics support to cash programmes RACI matrix (from the [Market Assessment and Analysis Principles paper](#)).

### 1.3.4 Validating a procurement strategy

Based on the procurement plan and the estimated costs of items or services to be procured, identifying the procurement lines that will consume the biggest share of the total cost at the design phase is helpful to understand where the efforts to conduct procurement should be focused.

A good rule of thumb to use is **Pareto analysis**: calculate the total estimated spend on procurement, identify the 20 per cent highest-value procurement lines and invest 80 per cent of the effort on those.

Example:

Procurement line	Estimated value	% of total spend on procurement	Cumulated %
Training materials	£1,200	17%	17%
Construction materials	£1,100	15%	32%
Vehicles	£1,000	14%	46%
Warehousing services	£1,000	14%	60%
Transport services	£900	13%	72%
Clearing services	£800	11%	83%
Medical storage materials	£700	10%	93%
Building maintenance services	£500	7%	100%
<b>Total</b>	<b>£7,200</b>	<b>100%</b>	

In this example, efforts should go to supporting the procurement of training and construction materials. Of course, there are other considerations to take into account, such as the urgency of the requirements, but based on the amounts, it will be critical to define and plan the procurement process of those two lines.

Another way to use Pareto analysis during the implementation phase is to look at the items that are purchased in the largest quantities (whether a high number of orders or a high spend) and use the above method to select items to monitor more closely.

Example:

Procurement line	Spend over the past three months (£)	% of total spend	Cumulated %
Fuel	£150	17%	17%
Warehouse shelves	£140	16%	33%
Notebooks	£130	15%	47%
Air filters for generators	£120	14%	61%
Roofing nails	£120	14%	75%
Cool boxes	£90	10%	85%
Floor detergent	£80	9%	94%
Whiteboard markers	£55	6%	100%
<b>Total</b>	<b>£885</b>	<b>100%</b>	

In this case, the Pareto table indicates that it would be most beneficial to look at the market conditions for fuel and warehouse shelves, as this is where most of the procurement spend occurs. When looking at the number of orders placed of each item, the Pareto table indicates which purchases should be done in a more formal way to minimise the workload associated with placing orders. Typically, items that are purchased more than 50 per cent more often than others (and at regular intervals) should be purchased through long-term procurement agreements such as framework agreements.

In the UK, this is the role of the CPT at SSC – the UK logistics team act as an adviser or stakeholder in the procurement planning and strategy, driven by similar analyses. See the [Pareto step-by-step tool](#) for more details on how to build your own Pareto analysis into your procurement strategy.

The procurement strategy will flow from the procurement plan and from the Pareto analysis and evolves based on the procurement reports that are available throughout the lifecycle of a project.