Vital Strategies
Compliance Webinar

Procurement Rules & Regulations - USAID
July 30, 2020
If you have questions...

Select “Chat” at the bottom of your screen, and **type** your question
Multiple choice questions

During the webinar, we’ll ask multiple choice questions. A separate window with the question and possible answers will pop up.

You just need to choose your answer with your cursor. Answers are anonymous, so participate freely!
Webinar Outline

1. Intro to Procurement and Uniform Guidance (UG)
2. UG Procurement Standards
3. Procurement Process
4. USAID Specific Regulations
5. Q&A
INTRO TO PROCUREMENT AND UNIFORM GUIDANCE (UG)
What is procurement?

• Purchase of goods or services
  – **Goods** (supplies and equipment): laptop, medication, motorbike, vehicle, office supplies, software licenses
  – **Services**: domestic / international flights, lab testing, translation consultant, shipping costs, catering for meetings
What is the Uniform Guidance (UG)?

• Rules and requirements for awards funded by the US Government
• Also referred to as “2 CFR 200”
• **What does this mean for you?** Since TREAT TB is funded by the US Government by way of USAID, subgrantees must comply with the Uniform Guidance AND Terms and Conditions of your subaward, including the USAID Standard Provisions
Procurement under TREAT TB and your organization’s Procurement Policy

- Must reflect at a minimum the UG Procurement Standards
- Must comply with additional USAID standards

UG PROCUREMENT STANDARDS
UG Procurement Standards – Five Principles

Principle #1:
Costs must be allowable, allocable, reasonable AND necessary.
Principle #2: The organization must maintain written standards of conduct covering internal and external conflicts of interest.
Principle #3:
The organization must maintain documentation addressing cost and price analysis and vendor selections where applicable, based on the method of procurement used, including for Sole Source procurement.
Principle #4:
Where required, must provide for full and open competition.
Principle #5. Organization must **maintain written policies and procedures** for procurement covering the methods available under these regulations.
MC Question #1

What are some procedures your organization has adopted to ensure competition and transparency in procurement? (select multiple)

a) Selection committee
b) Conflict of Interest policy
c) Vendor verification
d) Not sure

PROCUREMENT PROCESS
Procurement Process

- Solicit
  - Seek quotes/bids/proposals
  - How we ensure full and open competition

- Selection Criteria
  - Determine and define standards for how quotes are judged
  - Example: Minimum warranty

- Evaluate
  - Who and how bids are evaluated
  - Can either do lowest price or best value selection

UG requirements for each step differ depending on the cost, i.e. threshold amounts (in US Dollars)
Micro Purchase

Micro purchase = Less than or equal to US$10,000

1. **Solicitation**: must obtain at least one quotation.

2. **Selection criteria**: Proposed price must be “reasonable”. Reasonableness can be determined by comparing the proposed price to (i) past purchases, (ii) other published prices, and/or (iii) price quotes received from other vendors/bidders.
Small Purchases

Small Purchases = between US$10,001 and US$250,000

1. **Solicitation:** letter or email (something in writing) outlining goods/services to be procured (need not be a Request for Proposal (RFP) or Request for Quotation (RFQ.)) Multiple quotes.

2. **Selection criteria:** Determined by comparing quotations received.
Above US$250,000

No procurement under TREAT TB qualifies...

*But if you were to procure a good/service >$250k, then you…*

- Must first conduct cost/price analysis, and
- Must seek Competitive Proposals, in the form of Request for Proposal (RFP) or Request for Quotation (RFQ)
What to consider during planning stage

• Are funds available in your TREAT TB budget?
• Is the item you are procuring a service or good?
• What is the estimated unit cost?
• If multiple quotes need to be obtained, is evaluation and selection of the quote based only on the price, OR is it based on the price and value of service/good?
• Ensure prospective vendor is not a debarred entity prior to contracting.
MC Question #2
MC Question #2

What is your organization’s threshold for obtaining multiple quotations (expressed in USD)?

a) < $500
b) Between $500 and $5,000
c) Above $5,000
d) Not sure
Sole Source Procurement: When & How?

*Can apply at ANY threshold amount.*

**Criteria:** if meets one of the following circumstances:

- The goods/services are available only from a single source (i.e. – vendor); or
- Public emergency; or
- After solicitation of bids/quotes from a number of sources, the Buyer receives limited bids, and determines that competition is inadequate.
USAID SPECIFIC REGULATIONS
Source and Nationality

Geographic Code – USAID ADS 310 Source and Nationality
Requirements for Procurement

- **Source**: Where was this purchased or shipped from?
- **Nationality**: Where was this made?, “made in <country>”

Both nationality and source must be complied with
Source and Nationality (continued)

Applies to all procurements
• Services: Geographic code 935 (buy from any country)
• Goods: Geographic code 937 (okay to buy from…)
  – USA or
  – Developing country other than advanced developing country

IF you cannot comply: must seek Vital Strategies’ approval. When purchase >$25,000, we must submit waiver on your behalf.
Other USAID Procurement Regulations

**Restricted Items**
- Require prior approval from GM
- Examples: motor vehicles, pharmaceuticals, contraceptive products, used equipment, pesticides, fertilizer and agricultural commodities

**Ineligible Items**
- Can never be purchased under USAID awards
- Example: military, surveillance, police equipment, abortion equipment, luxury goods, gambling equipment, weather modification equipment
MC Question #3
MC Question #3

My implementation country is South Africa; I want to purchase a US$50,000 vehicle, made in Japan, and shipped from Belgium. Do I need to seek GM approval?

a) Yes. Geographic Code waiver of Nationality.
b) Yes. Geographic Code waiver of Source.
c) Yes. Waiver of Restricted Item.
d) Yes. Geographic Code waiver of Nationality and Source; waiver of Restricted Item.
MC Question #3: Answer

My implementation country is South Africa; I want to purchase a US$50,000 vehicle, made in Japan, and shipped from Belgium. Do I need to seek GM approval?

1. Yes. Geographic Code waiver of Nationality.
3. Yes. Waiver of Restricted Item.
4. **Yes. Geographic Code waiver of Nationality and Source; waiver of Restricted Item.**
CONCLUSION
The Uniform Guidance (UG) procurement regulations apply to both purchase of goods and services.

To comply with UG Procurement Standards, organization should have a procurement SOP that takes into account the UG’s general principles.

Though your organization may have stricter procurement policy and different thresholds, organizations must, at a minimum, meet UG Procurement Standards and comply with the additional USAID standards.

USAID source and nationality rules must be complied with for goods and services. For goods/services above US$25,000, organization can only purchase after receiving USAID waiver of rules.

Seek Grants Manager prior approvals for goods that are either (1) not purchased or made locally, from USA, or other developing countries, (2) if you are purchasing “restricted items.”
Questions?

Option 1
Select “Chat” at the bottom of your screen, and type your question.

Option 2
Type questions using the “Chat” feature, or if you would like to ask verbally, please unmute yourself before asking a question and wait until there is a pause in the discussion.
More questions?

Angel Ling (aling@vitalstrategies.org)
Racquel Enad (renad@vitalstrategies.org)
Rajesh Goyal (rgoyal@vitalstrategies.org)
Thank you

www.vitalstrategies.org