
CONSOLIDATED ANNUAL PROCUREMENT PLAN

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4. CONSOLIDATED ANNUAL PROCUREMENT PLAN

4.1 LEGAL FRAMEWORK

Logistics Management Division (LMD) is currently preparing a Consolidated Annual Procurement Plan (CAPP) based on instructions from the World Bank (WB) and based on the WB's guidelines. The Ministry of Health and Population (MoHP) is, however, also required to prepare a CAPP for the Public Procurement Monitoring Office (PPMO) based on requirements, as well as a Master Procurement Plan (MPP).

The following will define how to prepare an annual procurement plan. The Public Procurement Act 2063 (2007), hereafter named 'The Act', at paragraphs: 6, 7(1) and 7(3), and The Public Procurement Regulations 2007, hereafter named 'The Regulation', at paragraphs: 3 and 8 define the annual procurement planning process.

The above legislation distinguishes between a 'Master Procurement Plan' (MPP) and a 'Consolidated Annual Procurement Plan' (CAPP) in the following way:

The MPP shall be developed, where procuring '*for a plan or project to be operated for a period more than one year or in making a procurement annually of an amount exceeding one hundred million Rupees*' (The Regulation paragraphs 7). Normally, the WB requires the MPP to be developed as part of the loan, the project inception report or similar general agreement between the Bank and the Borrowers such as the Financing Agreement.

The CAPP shall be developed, where a public entity procure annually of an amount exceeding one million Rupees. This means that MOHP each year will have to prepare a CAPP.

The CAPP shall be prepared as part of the estimated annual programme and budget of the next fiscal year and cover the next fiscal year, and in cases of multi-annual procurement, the years covered financially. The CAPP shall be based upon the MMP (The Regulation paragraphs 8).

Based on the CAPP, individual procurement plans are developed at the start of each procurement activity, whether direct procurement, request for quotations, NCBs, LIBs or ICBs.

4.2 PURPOSE OF THE CONSOLIDATED ANNUAL PROCUREMENT PLAN

The CAPP enables the procuring entity to organise and schedule its procurement activities with the following four purposes:

1. the goods, services and works are delivered, when required;
2. the procurement officers work load is spread out over the year;

3. the evaluation committees can be appointed in a timely manner and the members can plan taking this into account; and
4. the finance unit and the WB can plan the cash flow of the organization.

Developing the CAPP is part of the budgeting process for a financial year. It should start at the same time, or a little later than the budgeting process, even though the final budget is not in place. The first drafts of the CAPP can, for this reason, seem to act as a 'wish list' from the DoHS Divisions and Centres and will have to be adjusted when the final budget is in place.

4.3 MORE CONSOLIDATED ANNUAL PROCUREMENT PLANS IN MoHP

A CAPP for a public procuring entity such as a ministry will normally cover all procurement in the ministry. However, MoHP develop at least two CAPPs; one by LMD and one by the Planning Unit under the Secretary.

4.4 DEVELOPMENT OF THE CONSOLIDATED ANNUAL PROCUREMENT PLAN

The ideal CAPP includes all goods, non-consultancy services, and consultancy services and works expected to be procured in the Financial Year. However, currently the LMD is procuring civil works however; its requirements are placed in the plan for procuring by a more appropriate government entity. The CAPP will also include those procurements, where the procurement activities started in the previous Financial Year(s), and are continuing into the year of the CAPP.

The CAPP should group all activities into one of the main types of procurement, goods and consultancy services. Following this, a sub-grouping can be made for each group depending upon the procurement methods that LMD intends to use. Such a division facilitates the procurement unit, when developing the time plans.

If MoHP has a range of procurement of services, which are continued year after year without undergoing a bidding process, such as supply of power, water, telecommunication, it can be an advantage to include these as a separate group in the procurement plan, in spite of the fact that they are procured in a continuous 'direct procurement' without undergoing a traditional procurement process. Including such procurement provides an overview and allows a full picture of an entity's procurement. This is currently not being done by MoHP.

4.5 STAFF

Following the current practice, the LMD's Procurement Unit is responsible for drafting a consolidated CAPP for all entities under the MoHP, that it is approved and sent to the World Bank and the PPMO. The LMD also has the responsibility for later adjustments of the CAPP, if and when this is required.

DoHS' divisions and centres are responsible for providing their individual annual procurement plans in time for the coming FY's procurement (type/specification, number or items/size of service, delivery date, and budget). For this, the LMD should develop a timetable for input, drafts, etc. annually preferably beginning the process in January of the previous FY, see Appendix 1 for a suggested time plan.

DoHS' divisions and centres develop and provide LMD with the details of what they need by referring to the technical specifications in the Technical Specification Bank. This is done by referring to the unique ID number of each specification. This ensures that LMD can bundle their needs with those of other DoHS Divisions and Centres. In the event LMD sees a possibility for bundling or if minor changes are made to the technical requirements, LMD should call a meeting with the DoHS Divisions and Centres and try to reach a consensus of the product specifications.

Each division/centre receives its budget information from MoHP's Finance Unit and should be realistic when estimating the costs. LMD has developed templates for this, but they are not in use as yet.

The Directors of each division/centre shall approve the CAPP for their own requirements and budgets. This follows approval by the Finance Unit of the plans. Not until then should the requirements be sent to the LMD. The same procedures apply to adjustments to the CAPP.

Normally, a range of meetings between LMD and the DoHS Divisions and Centres (either individually or in groups) are required during the period while the LMD is bundling the needs and developing the CAPP.

The Parliament normally approves the final budget for the Financial Year shortly before or after the start of the Financial Year -16th July. Changes in the budget might require changes to the draft CAPP, which will be done by the LMD in close consultation with the DoHS Divisions and Centres.

The final CAPP is then approved by the DG and sent to the World Bank for 'NOL'. When this has been obtained, the CAPP shall be distributed to:

- The DG
- Ministry of Finance (with the estimated annual program and budget of FY)
- Treasury
- Controller Office
- PPMO
- All DoHS Divisions and Centres
- Finance Unit
- Warehouse management
- Donors involved in financing the procurement

When adjusting the CAPP during the FY, the amended version shall also be distributed to all on the above list.

There is no requirement in The Act or The Regulation for a Procuring Entity to publish the final CAPP. The PPMO will, however, publish it (and the future adjusted versions) on its homepage, but without the estimated costs, dates for procurement and other sensitive information. The LMD in the same way, now publishes it on the homepage of MoHP/LMD, on a notice board at the entrance of LMD, and in a widely distributed newspaper in Nepal, but this is not mandatory. LMD should also consider, in the same way, publishing the CAPP on dgMarket.

4.6 MORE CONSOLIDATED ANNUAL PROCUREMENT PLANS IN MoHP

A CAPP is a living document and a work plan. Therefore, it is a good process for the procurement unit at LMD to go through the CAPP frequently (such as once a month) with the following purposes:

1. to ensure that the CAPP's time plan and plans for procurement are up-to-date, LMD issue new version of the CAPP by inserting 'revised lines' in the plan;
2. to ensure that items not bought in one procurement activity are moved either into a new separate activity, or included in an existing planned activity; and
3. to include new procurement activities.

Whenever changes are made in the procurement during the FY year, they shall be reflected in the CAPP and the updated CAPP shall, after being signed by the LMD director and the DG, be forwarded to the WB with information about the adjustment(s) that have been made. No NOL is required. Then it is sent to the PPMO. The status of the CAPP should be discussed during the FY year with the divisions and centres, whenever required. A good habit is to call the divisions and centres on an individual basis for quarterly meetings to discuss their plans for procurement.

4.7 STEP-BY-STEP INSTRUCTIONS

Development of the CAPP shall be coordinated with the budgeting process, so the first draft of the procurement plan should follow shortly after the first draft of the financial plan. When the final budget has been approved (normally in July), the draft CAPP should be revised to reflect any necessary changes. The following steps guide the person(s) responsible in the LMD and DoHS Divisions and Centres in developing the CAPP.

1. At the beginning of January LMD requests the DoHS Divisions and Centres for information of their expected procurement activities for the coming FY.
2. Included with this request, LMD will issue a list of deadlines for all the activities related to the development of the CAPP. For this Appendix 1 can be used.

3. LMD combines the User-entities' needs and bundles these needs across the User-entities.
4. Date and version shall be stated in the footer each time a change is made in the CAPP. As the process rolls out, there will be many versions, and it is very easy to get them confused.
5. When the annual budget for the coming FY has been finally approved by government, as soon as possible after this the LMD shall adjust the CAPP to the annual budget.
6. LMD should use the CAPP actively as a working tool. To achieve this, it is advisable to hang a copy of it on the wall in the Procurement Section for all to benefit from. Again, remember to mark it with the version and date. The plan is also an excellent management tool to use for weekly meetings both internally and with DoHS Divisions and Centres.
7. LMD should make a habit of frequently checking the CAPP. Small adjustments in the timing can be made, while adjustments of the type, including new procurement tasks require that it is re-sent to the DG for approval, and after approval to the WB, PPMO and DoHS Divisions/Centres.

4.8 PRACTICAL GUIDANCE ON HOW TO PREPARE THE CAPP

In bundling the procurement requirements from the DoHS Divisions and Centres, the LMD should:

- a) Start by providing each Division/Centre with a template to complete, where they state their requirements and provide:
 - Description of the items required in the next FY and the funds for this.
 - The required time of final delivery/performance shall be stated for each item;
 - Place for delivery shall be stated for each item;
 - The estimated budget shall be stated for each item;
 - Whether the procurement is for a single year or multi-annual and, if multi-annual for how many years; and
 - DoHS Divisions and Centres to state any other information they find relevant.

If the DoHS Divisions and Centres use one sheet for each requirement, it is easier for the Procurement Officer to obtain an overview during the bundling process. The Divisions and Centres should provide a hard copy signed by the relevant Director and an electronic copy to ease the burden of the Procurement Officer.

- b) All requirements are grouped into Goods, Non-Consulting Services and Consulting Services (and Works, if LMD becomes involved in this in the future). An easy way to do so is to pile them up in the three groups on individual notes and then deal with one group at a time, when entering them into the CAPP.
- c) Each of these three 'procurement type groups' is aggregated with the purposes of:
- reducing the number of individual procurement activities (saving time), and
 - obtaining bigger 'packages' in the hope that this will provide economies of scale.
- d) After dividing into these three groups, the bundling has to be carried out for each of the groups (Goods, Non-consulting Services and Consulting Services). This normally takes two steps:
1. Group all items, which can normally be supplied by the same type of supplier/service provider.

When this is achieved, group the items as per the required delivery date(s). Consider if it is possible to alter delivery date(s) by consulting the Divisions and Centres. If not, then consider if it is the type of product, which can be delivered on the same contract but in a phased manner, or if a framework contract is a possibility.
 2. Group together all items which are known to have to be procured individually. This will be very few.
- e) Now start using the Template for the CAPP. Work on one group at a time (Goods, Non-consulting Services and Consulting Services).
- f) Include each procurement activity by its delivery date, and try to make it chronological.
- g) Now enter for each package, if it is going to be tendered in more lots (e.g. for delivery by more suppliers).
- h) Then enter the estimated value of each procurement activity (sum of all lots) and the sources of funding in the relevant columns.
- i) State the procurement method.
- j) Then include the timing for each procurement activity. Discuss this with the Contract Management Section. Knowing the day for final delivery and the procurement method, the filling out of the template columns should work back from the final delivery date' and "Invoice" to when work should start for each procurement activity.
- k) Space out the procurements so that there are not too many procurement activities happening at the same time which will overwhelm the Procurement Officer(s) and the Evaluation Team(s).

4.9 CAPP PROGRESS MONITORING

Procurement progress by LMD should be monitored against the CAPP through medium of a procurement plan monitoring report. This serves the following purposes:

- a) Alerts both the Procurement Section and LMD senior management of how procurement is actually progressing against the approved plan
- b) Enables corrective action to be taken by the Procurement Section on procurement activities that are running behind schedule.

A procurement plan monitoring report at the very least should contain a line showing the approved procurement plan for a particular procurement activity and another line immediately after that showing the actual progress for that procurement. This actual progress line is prepared by indicating what step in the procurement cycle is the activity currently at, the days behind or ahead of original CAPP schedule and the anticipated time of contract completion at current rate of progress using standard times for a procurement step as given in the original CAPP.

At present LMD uses a procurement plan monitoring report using the Excel computer program. It shows where the procurement slice is currently at in the procurement cycle, days behind or ahead of schedule, anticipated contract completion date at present rate of progress and a “highlighter” showing slices that on present progress will be completed outside the final time the procurement plan covers.

**SUGGESTION FOR TIMEPLAN FOR
THE ANNUAL PROCUREMENT PLAN PROCESS**

Steps	Process	Date/Period
1	LMD develops and issues a time plan for the annual procurement plan process	Second half January
2	LMD requests the DoHS Divisions and Centres for input to their procurement for the next FY	1 st February
3	LMD conducts a clarification workshop for all Divisions and Centres on CAPPs	10 th February
4	LMD's deadline for receiving first draft from the Divisions and Centres	1 st March
5	LMD starts a reminder process for all entities, which has not submitted drafts, with deadline for submission: 20 th March 2012	2 nd March
6	Parallel to the above, LMD go through all the submitted drafts for mistakes, unclear statements, lacking data, etc.	2 nd to 25 th March
7	LMD conducts small workshops for each of the Divisions and Centres, where the entities' drafts are discussed and problematic issues clarified	28 April to 10 May
8	LMD combines the requirements from the individual Divisions and Centres and points to where bundling can be done. In this process, LMD makes contact with the entities to discuss eventual changes in delivery time and technical specifications, which will increase the bundling. The Divisions and Centres should now link their draft CAPP with the Draft AWPB.	11-31 st May
9	LMD sends the draft annual procurement plan to all User-entities for comments. The plans for each of the Divisions and Centres are part of this.	1 st June
10	Deadline for comments from the Divisions and Centres	10 th June
11	LMD conducts small workshops for each of the User-entities, who have commented, to clarify. For those, who have not, LMD sends reminders with a 5 days deadline to respond.	15 th -25 th June
12	LMD adjust the draft annual procurement plan according to the comments received and re-sends to the user-entities.	26-30 June
13	LMD adjusts the annual procurement plan, when the final budget is approved.	1 st week of July*
14	LMD meets with the User-entities at a workshop and presents the new version	1 st week of July of July*
15	The Divisions and Centres are provided 5 days to come up with comments. LMD revises accordingly	week of July*
16	LMD presents the final annual procurement plan for the DG for approval	3 rd week of July*
17	LMD sends the final annual procurement plan to WB for a NOL	e3 rd week of July*
18	LMD sends the final plan to all the entities required (including the Divisions and Centres)	Early August*
19	LMD places the plan on its homepage and in public in its building	Early August*

20	LMD makes sure that PPMO has placed the plan on its homepage.	Early August*
21	LMD requests WB to publish the plan on dgMarket & UNDB online	Early August*

* *Depends on the approval of the final budget by Parliament.*

FORMAT OF A CONSOLIDATED ANNUAL PROCUREMENT PLAN.

ANNUAL PROCUREMENT PLAN OF GOODS FOR FY 2071/72 (2014-15) for LMD																
Project Name & ID: Nepal Health Sector Program-II Loan/Credit/Grant No.: Cr. 4707-NEP & Gr. H 557-NEP								Executing Agency: Department of Health Services Implementing Agency: Logistics Management Division								
S. No.	Description of Goods or Works & Contract ID No.	Prior/ Post Review	PP Status	Cost Estimate (NRs Million)	Method of Procurement	Proc. procedure: GoN or WB?	Bid document to WB	WB's NOL to Bid Document	Bid Invitation	Public Opening of Bids	BER & Award Recomm. to WB	WB's NOL to Award Recommendation	Contract signing	Completion of the contract	Procurement at center or district	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
65	NHSP-II/DOHS/G/DC-65/MR Vaccine, 5-dose vial with diluents (255,000 vial)	Prior	P/R/A	XXX	DC	WB	31-Aug-14	14-Sep-14	24-Sep-14	25-Oct-14	NA	NA	9-Nov-14	7-Feb-15	Center	WHO-PQ, Only one manufacturer-Serum Institute of India (CHD)
66	NHSP-II/DOHS/G/LIB-66/BCG Vaccine, 20-dose vial with diluents (199,000 vial)	Prior	P/R/A	XXX	LIB	WB	3-Sep-14	18-Sep-14	28-Sep-14	14-Oct-14	29-Oct-14	8-Nov-14	8-Dec-14	6-Feb-15	Center	Limited WHO PQ Manufacturer (CHD)
67	NHSP-II/DOHS/G/NCB-67/Procurement of Dipstick Test Kits (1,600,000 Pcs)	Post	P/R/A	XXX	NCB	GoN	NA	NA	5-Sep-14	6-Oct-14	NA	NA	26-Nov-14	26-Mar-15	Center	MD
68	NHSP-II/DOHS/G/SHOP-68/Photocopy Machine	Prior	P/R/A	XXX	Shop	WB	NA	NA	5-Sep-14	13-Sep-14	NA	NA	28-Sep-14	13-Oct-14	Centre	LCD
69	NHSP-II/DOHS/G/ICB-69/Procurement of RUTF, fortified flour and Micronutrient Powder	Prior	P/R/A	XXX	ICB	WB	10-Sep-14	25-Sep-14	5-Oct-14	20-Nov-14	4-Jan-15	19-Jan-15	18-Feb-15	18-Jun-15	Centre	CHD
69.1	Slice No. 69.1/RUTF for Integrated Management of Acute Malnutrition Programme	Prior	P													
69.2	Slice No. 69.2/Fortified Flour for Six Districts	Prior	P													
69.3	Slice No. 69.3/Micronutrient Powder	Prior	P													