



# LECTURE 3.

## Procurement logistics

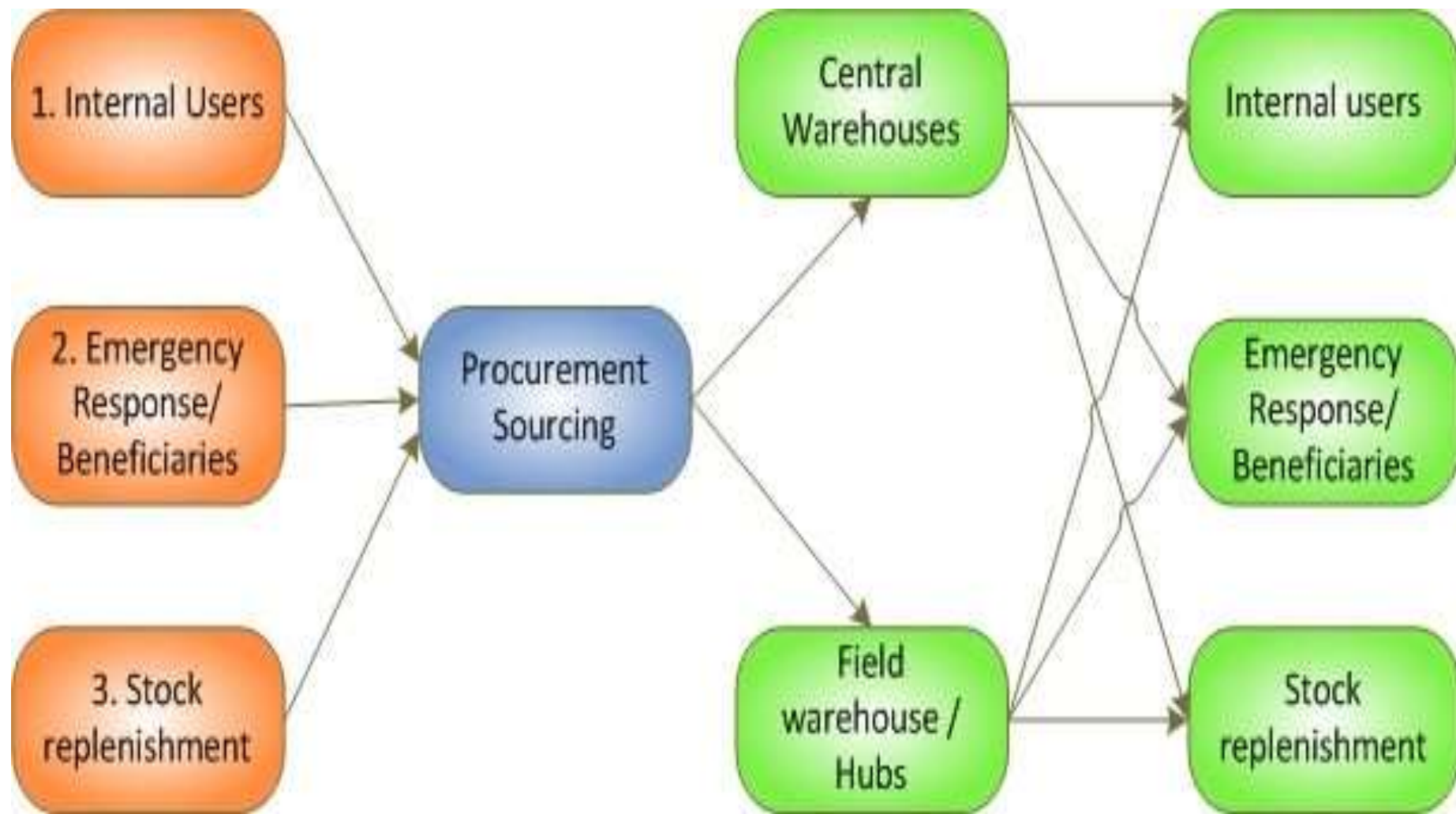


## **Definition**

Procurement is the process of identifying and obtaining goods and services. It includes sourcing, purchasing and covers all activities from identifying potential suppliers through to delivery from supplier to the users or beneficiary;

Purchasing is the specific function associated with the actual buying of goods and services from suppliers; and

Sourcing is simply: “Identifying and working with appropriate suppliers”.



- Procurement is a key activity in the supply chain. It can significantly influence the overall success of an emergency response depending on how it is managed. In humanitarian supply chains, procurement represents a very large proportion of the total spend and should be managed effectively to achieve optimum value. It serves three levels of users:
  - The internal customer.
  - Programs in response to emergencies and ongoing programs.
  - Prepositioning of stocks, for both internal customers and program needs.
  - In collaboration with the warehouse function, products/commodities are mobilised and delivered.
- Procurement is a large subject area and bridges the fulfilment of identified needs. The objective of this topic is to highlight the key areas, provide tools, templates and hyperlinks to additional information such as donor guidelines should that be required.
- Note: It is NOT the intention to recommend process in this chapter. Process, in the context of procurement, is organisation specific and based on organisational policies and donor requirements. The intention here is to provide industry best practice that can be replicated or used to complement what is already in existence or adopted in totality where no guidelines exist.



## Procurement Objectives

The aim and objective of procurement is to carry out activities related to procurement in such a way that the goods and services are procured according to the "Six Rights." These "Six Rights" are:

- Right QUALITY
- Right SOURCE
- Right COST
- Right QUANTITIES
- Right PLACE
- Right TIME

# Procurement Workflow Process



## **Procurement Policies**

Procurement policies will vary from organisation to organisation but are the organisational rules and regulations governing the procurement function. The policies determine how different aspects of procurement will be carried out in the organisation and how people working in procurement should behave. In summary, the policies;

- provide general and specific guidelines for managing the buying of items and services;
- establish a purchasing criteria and decision making process;
- ensure that implementing staff are well trained;
- provide specific guidelines for establishing and managing relationships with external entities in relation to procurement;
- encourage and enhance internal control measures; and
- act as a management tool for better decision-making and better stewardship of the resources entrusted to organisations by its donors.

