

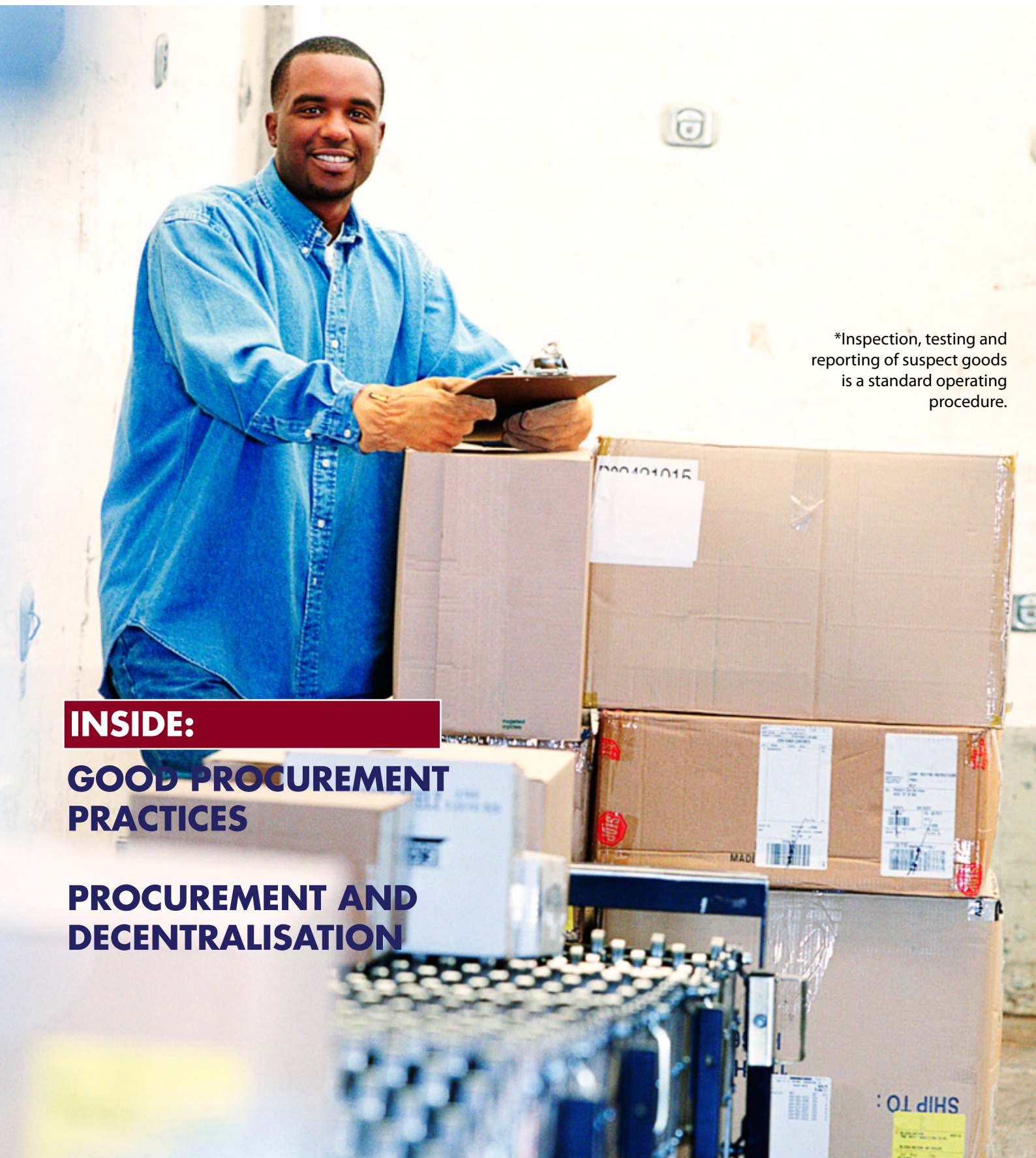
Zambia Institute of Purchasing and Supply

# ZIPS

Edition One

Dec 2012 - Feb 2013

## NEWSLETTER

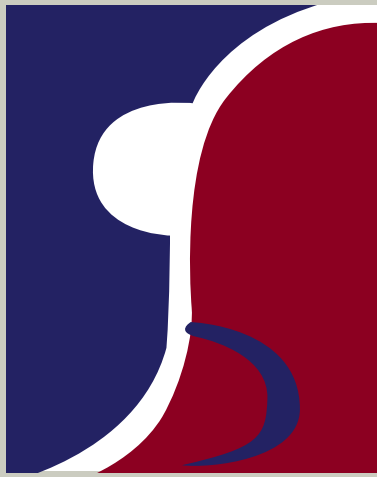


\*Inspection, testing and reporting of suspect goods is a standard operating procedure.

**INSIDE:**

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## **ZAMBIA INSTITUTE OF PURCHASING AND SUPPLY**

**T**he Zambia Institute of Purchasing and Supply was established by an Act of Parliament in September 2003. This Act is referred to as the Government of the Republic of Zambia principal national policy on procurement and supply management and aims to streamline procurement and supply operations in private and government sectors in order that those operations remain professional and transparent.

ZIPS is the body that regulates purchasing and supply management in Zambia.

While this function is the cornerstone of the operations that ZIPS undertakes, there are several other functions that contribute to purchasing and supply management in Zambia which ZIPS performs. Fulfilling these functions is essential because of the role procurement plays in any business; by having high standards in supply management, businesses can increase productivity and efficiency and reduce costs. One function is to promote, uphold and improve the standards of training in purchasing and supply, and the professional ability of persons engaged in Purchasing and Supply Management. ZIPS also conducts training of persons in Purchasing and Supply Management as a way of maintaining professional standards. The Zambia Institute of Purchasing and Supply has embarked on establishing an education programme to train professionals. Since early 2012, a syllabus for purchasing and supply has been under preparation and ZIPS is looking forward to implementing the education programme in 2013.

“Our vision is to be a learning organisation that will encourage individual learning and change the face of the organisation,” said Mwondela Chisola, Executive Director.

Another key function of ZIPS is to affiliate firms or institutions involved in purchasing and supply management, as a means of maintaining professional networks.

ZIPS can also be viewed as a source of valuable information for those working in purchasing and supply. Information which is of interest and service to the Institute’s members is centralised and published in a journal. This is a valuable resource, and along with training sessions and other activities ensures that standards in purchasing and supply management remain high, in order to reduce mis-management of resources.

ZIPS is governed by a Council that comprises eleven members. These council-members are four elected executive members, six nominated members and the Executive Director of the institution, who serves as secretary to the Council.

The executive members are the President, two Vice-Presidents representing the North and South regions and a treasurer. Five of the six nominated members are representatives of the Ministry of Finance, Zambia Chamber of Commerce and Industry, Law Association of Zambia, Zambia Public Procurement Authority and the Zambia Federation of Employers. The remaining council-member is nominated by ZIPS and represents a stakeholder organisation.

Due to the nature of its work, the Zambia Institute of Purchasing and Supply has a large membership, over 1200 by April 2012, and this number is still growing. As a regulator, ZIPS enforces the policy that all practitioners be members of this professional body. All professionals engaging in purchasing and supply management should have suitable qualifications and all organisations requiring these services, should hire staff who are trained as such.

This role keeps ZIPS at the heart of Zambia’s economy and ZIPS remains dedicated to fulfilling its functions as a major institution in purchasing and supply management.



Mr. George Mumba  
ZIPS President



# Editorial



Welcome to this issue of the Zambia Institute of Purchasing and Supply (ZIPS) Newsletter. A number of key activities have been undertaken in the last few months with the main being the 4th Annual General Meeting (AGM) which was held on 28th April, 2012 and the election of the new President for Zambia Institute of Purchasing and Supply (ZIPS) for the next years. George Mumba was elected to take up this position. Congratulations to Mr. Mumba.

The Government through PEMFA has provided funding for the development of the five-year business plan, and the curriculum and syllabus for Zambia Institute of Purchasing and Supply (ZIPS) Education; this will be launched at the end of the year. The Institute has since appointed inspectors to inspect institutions and organisations to ensure compliance to the ZIPS Act No. 15 of 2003.

So far the Institute has recorded an increase in both registration of new members and renewals of old memberships. In the next few months, we will be tackling Decentralisation and its impact on the purchasing and supply profession in Zambia. We aim to build our reputation through the quality of our membership, community participation, training, governance and compliance.

I hope you will find this edition inspiring and pleasant reading.

Christina M.M. Chisola,  
Executive Director

# PROCUREMENT AND DECENTRALISATION



**T**here are many achievements the new Patriotic Front administration has made in its first year in office; the continued implementation of the Decentralisation Policy is important in ensuring the progression of economic gains, and enhancing economic opportunities. But how much of an impact does this policy have on procurement, purchasing and supply?

Procurement using public funds falls within the management of the Government of the Republic of Zambia. This is done through the Public Procurement Act, which was enacted by Parliament in 2008 and saw the establishment of the Zambia Public Procurement Authority (ZPPA), thus repealing the Zambian National Tender Board (ZNTB). ZPPA is the statutory, regulating body that oversees all procurement using public funds.

In 2008, Government instituted the Decentralisation Policy which applies to the entire scope of Government activities and operations. Procurement and supply with the use of public funds is thus affected. Before the establishment of ZPPA, procurement undertaken by procuring entities above the regulated limit were undertaken by the ZNTB. This inevitably resulted in delays of procurement because the ZNTB was overwhelmed with procurement requests from all over the country, across all industries. Since ZNTB was repealed and ZPPA active in regulating procurement, and with the Decentralisation Policy in place, procurement is likely to be more efficient as decisions will be made at the level of the procuring entity.

The Decentralisation Policy applies only to procurement activities using public funds and by that definition, the private sector need not comply with the Policy. However, this policy has tremendous impact in how purchasing and supply will be conducted, and thus affect business operations for Small and Medium Enterprises (SMEs), who equally compete for opportunities to work with the Government. Improving the capacity of SMEs to access public procurement is one of the main ways in which government can help in developing the private sector. Therefore, in future, Government hopes that decentralising procurement will enhance private sector participation and develop economic capacity by allowing greater participation of suppliers and other business persons.



## PROCUREMENT AND DECENTRALISATION

continued.

While the Decentralisation Policy has been in effect and implemented since 2008, full decentralisation will be achieved in December 2012. ZIPS members and purchasing/supply professionals can prepare themselves to work within this policy as its implementation continues.

Procurement functions should continue to be managed and undertaken by persons qualified and knowledgeable in procurement. This may be a challenge faced in the private sector, which is not regulated by Government. According to Steven Mwansa, senior buyer at Luanshya Copper Mines, "One limitation we face is that most of the Chinese expatriates in our Supply department do not hold purchasing qualifications."

However, with the constant overlap and interaction between Government and private sector, Government hopes this limitation will subside as procurement practices improve.

"There is also need for ZIPS members who are public officers to abide by the code of ethics that govern their profession considering that they will face a lot of temptations as they will be handling high value procurements," says Hazel Zulu, Public Relations Officer at ZPPA.

The Decentralisation Policy is one of the exciting challenges ZIPS and other agencies look forward to meeting as their work to improve business in Zambia continues.



Qualified personnel working in a warehouse helps in the management of supply.



# GOOD PROCUREMENT PRACTICES

by the  
Zambia Institute of Purchasing and Supply

## ***Procurement By Generic Name***

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- Use generic names for fair competition
- Specify quality standards, not specific brands

## ***Procurement Limited To Approved List Of Goods***

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- Select safe, effective and cost-effective goods
- Use formal approval procedures for procurement

## ***Procurement In Bulk***

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- Concentrate purchases to increase quantities and reduce price
- Specify divided deliveries

## ***Formal Supplier Qualification And Monitoring***

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- Use formal supplier qualification based on quality, service reliability and financial viability
- Approve suppliers before tendering (prequalification) and after (post-qualification)
- Use formal monitoring system to ensure continued supplier qualification

## ***Competitive Procurement***

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- Use competitive bidding on all but very small or emergency purchases to obtain the best prices
- In restrictive tenders, only pre-qualified suppliers to compete
- In open tenders, suppliers must be evaluated after submission of bids



### ***Sole Source Commitment***

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- All contracted goods or works must be competed for unless otherwise stated
- Enter into no separate deals with contracted suppliers

### ***Order Quantities Based On Reliable Estimate Of Actual Need***

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- Develop reliable consumption records and data
- Systematically adjust for past surpluses, shortage and stock-outs
- Adjust for expected program growth and changing patterns

### ***Reliable Payment And Good Financial Management***

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- Develop mechanisms for prompt, reliable payment
- Prompt payment may bring down prices as much as bulk discounts
- Financial mechanisms that establish separate accounts, eg. revolving funds, may allow the procurement cycle to operate on a separate schedule from the treasury cycle

### ***Transparency And Written Procedures***

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- Develop and follow written procedures for all procurement actions
- To the maximum extent possible, publicise information on the tender process results

### ***Product Quality Assurance Programme***

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- Establish and maintain a formal system for assuring the quality of goods procured
- Include quality assurance certification, inspection of testing and reporting of suspect goods in the standard operating procedures

### ***Annual Audit With Published Results***

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- Conduct an annual audit to assess compliance with procurement procedures, promptness of payment and related factors
- Present results to the appropriate public supervising body

### ***Regular Reporting On Procurement Performance***

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- Report key procurement performance indicators against targets regularly in a specified period of time
- Use indicators such as ratio of prices to world market prices, supplier lead times, percent of purchases made through competitive tendering and planned versus actual purchases

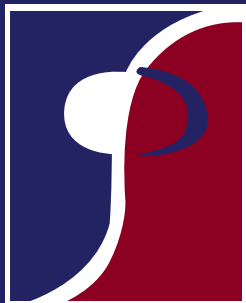




## Upcoming Events

- ZIPs members are invited to attend or participate in.
- PEMFA workshops – October 2012 – January 2013
  - National Conference and Dinner Dance – 22nd & 23rd February
  - Council Meeting – 23rd November, 2012
  - Industrial Break- 21st December, 2012 – 7th January, 2013

ZIPs Secretariat will keep members informed of times and venues for the above-listed events, or any others that may be scheduled.



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