



Procurement Course

CONTRACT CATEGORIES & THRESHOLDS



2022



THE
LUTHERAN
WORLD
FEDERATION

World Service

Member of **actalliance**



01

Contract Categories: A General Overview

02

Supply Services and Works: Operational Implications

03

Thresholds

Procurement Course

CONTENTS

PROCUREMENT PROCEDURES: KEY DEFINITIONS

LWF World Service Procurement Manual. Procurement procedures are the rules and actions that apply to the purchase of a given resource, depending on the Contract value.

HOW TO BUY



Procurement Course

CONTRACT CATEGORIES: SUPPLY

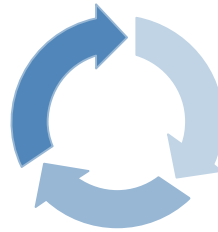
Supply Contracts cover the purchase, operational leasing, and rental or hire of products (including rent of vehicles and property, with or without option to buy). The delivery of products may also include siting, installation and maintenance costs.

**LWF World
Service
Procurement
Manual**



CONTRACT CATEGORIES: SERVICE

A Service Contract is a Contract for the provision of a defined service. It covers **all intellectual and non-intellectual** services other than those covered by Supply Contracts and Works Contracts.



CONTRACT CATEGORIES: WORKS

'Works' means the **outcome of building or civil engineering** taken as a whole and sufficient to fulfil an economic or technical function. Works Contracts cover either the execution, or both execution and design of a work corresponding to the specified requirements.

Brief SUMMARY

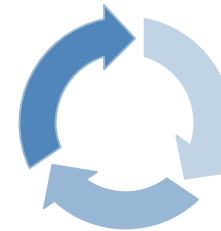
The screenshot shows a PowerPoint presentation in 'Presentazione' mode. The slide is titled 'THRESHOLDS: KEY DEFINITIONS' and contains the following text:

The total value of a "lot", i.e. procurement of resources that can be obtained from the same Contractor, defines the applicable procurement procedure for a particular purchase

The higher the value of the purchase, the stricter the procurement procedures and steps to be followed.

If the purchase includes additional services, or establishes a long term relationship, such as a Service Agreement or a Framework Agreement, **the estimated total value of the entire agreement period will define the procurement procedure to be applied.**

The slide is part of a presentation titled 'Procurement Basic Training_Lesson3 AGO DEF - PowerPoint'. The interface shows various tabs like 'File', 'Home', 'Inserisci', 'Progettazione', 'Transizioni', 'Animazioni', 'Presentazione', 'Revisione', 'Visualizza', and 'Guida'. The 'Presentazione' tab is active, showing options like 'Dall'inizio Dalla diapositiva corrente', 'Presenta online personalizzata', 'Avvia presentazione', 'Imposta presentazione diapositiva', 'Nascondi presentazione diapositiva', 'Prova intervalli presentazione', 'Registrazione intervalli', 'Mostra controlli multimediali', 'Monitor: Automatico', and 'Visualizzazione Relatore'. The bottom of the screen shows a list of participants: +3, AE, RG, AA, NG, IS, N, LK, G, LO, AH, and CG.



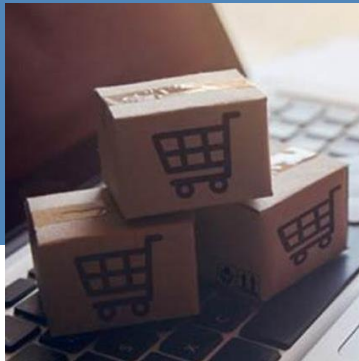
CONTRACT



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Again, this is a dummy text, enter your own text here.

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01

AD HOC PROCEDURE

Just in Time

A stockless environment where materials and resources are received when they are needed for consumption. (*One/off Purchases; Good availability in the country*)

02

FRAMEWORK AGREEMENT

Supply to Stock (STS)

Larger quantities of materials are purchased and placed into an inventory location for storage and distribution. Items are purchased in bulk quantities to take advantage of pricing discounts and economies of scale; (*e.g. Distribution Activities*)

OPERATIONAL IMPLICATIONS: SUPPLY

Supply Contracts & Stock
Management: Planning & Scheduling



Brief SUMMARY



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Procurement Basic Training Lesson3 AGO DEF - PowerPoint

Frasca, Luca

Cosa vuoi fare?

Condividi

Inserti Progettazione Transizioni Animazioni Presentazione Revisione Visualizza Guida

Dall'inizio Dalla diapositiva corrente Presenta online Presentazione personalizzata Avvia presentazione

Imposta Nascondi Prova Registrazione Intervalli Imposta

Riproduci commenti audio Usa intervalli Mostra controlli multimediali Monitor: Automatico Visualizzazione Relatore Monitor

THRESHOLDS: KEY DEFINITIONS

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Diapositiva 20 di 34

Note Commenti

+3 A RG AA NG IS AE LK G LO AH CG

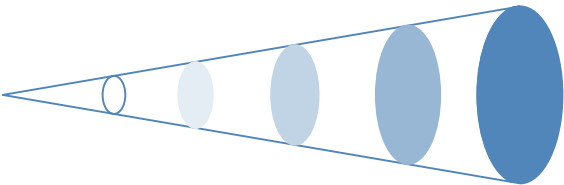
Islam Shdefat Ars Elsha Leonard Kwelu glades (Guest) LWF Jerusalem office (Guest) Allen Haido Claudio Gatti

FOCUS
RECURRENT SUPPLY
PURCHASES

Segmentation Analysis:
Identifying Critical Items

ABC classification

- A: high dollar and low frequency
- B: moderate dollars and items
- C: low dollar, high volume



Value	Category	Description
80%	A	Relevance of the item: HIGH/CRITICAL (around 20% of the items)
15%	B	Relevance of the item: MEDIUM (around 35% of the items)
5%	C	Importance of the item: LOW (around 45% of the items)

AD HOC

AD HOC

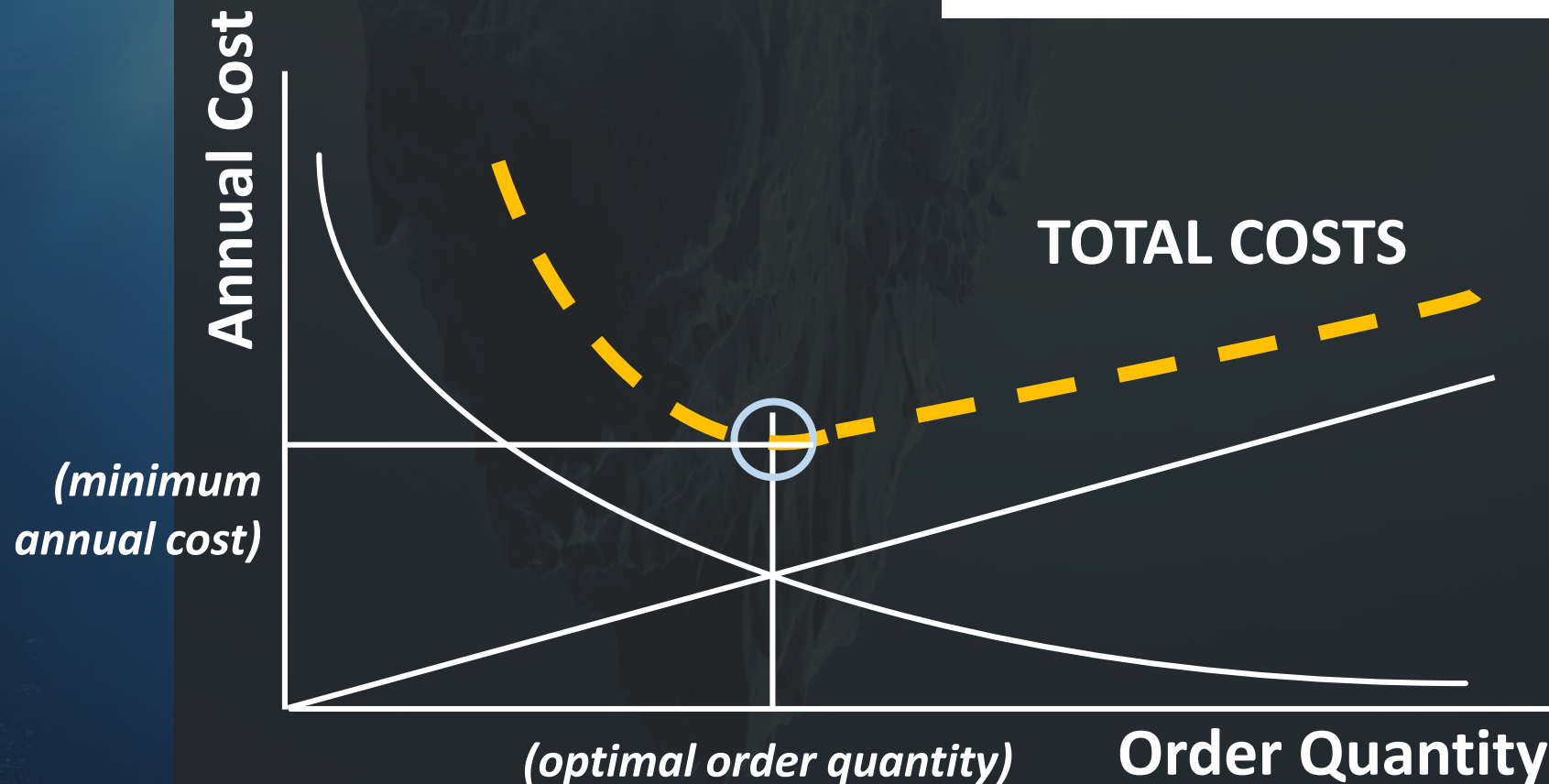
FRAMEWORK
AGREEMENT

The percentages of «value» and number of items can vary according to different breakdown models

The Total-Cost Curve is U-Shaped

Economic Order Quantity Model

The order size that minimizes total annual cost



Carrying Costs

$$\text{CARRYING COST} = V \times (C1 + C2) \times S/2$$

Ordering Costs

$$\text{ORDERING COST} = \text{ORDER COST} \times (\text{Demand/Order Quantity})$$

The background of the slide is a blurred photograph of a classroom. Several students are visible, some wearing blue shirts, sitting at desks and looking down, presumably taking a test. A blue semi-transparent rectangle is overlaid on the center of the image, containing white text.

TAKE CARE ARE YOU READY FOR EVALUATION TEST?

Five Questions

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrum exercitationem ullam corporis suscipit laboriosam, nisi ut aliquid ex ea commodi consequatur.