

Best Practices #2.4: Procurement policy and procedures.



Contents

1	What is a procurement policy?	2
2	Why does a WMA need a procurement policy?	3
3	Steps to develop procurement policy and procedures?	3
4	Structure and contents of procurement policy	5
i.	Policy Statement and Purpose	5
ii.	Authority and Responsibility	5
iii.	Procurement Process Overview	5
iv.	Procurement Method	5
v.	Supplier Selection Criteria	5
vi.	Ethical Standards and Code of Conduct	5
vii.	Budget and Spending Limits	6
viii.	Documentation and Recordkeeping	6
ix.	Contract Management	6
x.	Communication	6
xi.	Compliance and Consequences	6
5	Other useful links for learning about procurement policies and procedures	6
Annexes:		7
1.	Template of Swahili Procurement Policy for Wildlife Management Area	7
2.	Sample Procurement Policy and Procedures by IUCN	7



In this guide:

- Best practices of public procurements
- Why is it important to have procurement policies and procedures.
- Key components of procurement policy and procedures
- Links, samples, and templates of procurement procedures.

1 What is a procurement policy?

A **procurement policy** is a set of guidelines, rules, and procedures that an organization or government entity follows when acquiring goods, services, or works from external suppliers or vendors¹. This policy outlines the principles and practices that govern the procurement process to ensure transparency, fairness, efficiency, and cost-effectiveness while procuring goods and services.

Procurement policies should offer comprehensive guidance for every step in the process that employees follow when they procure goods and services. Procurement processes, could include;

- Planning the acquisition of products or services
- Identifying potential suppliers and vendors
- Requesting quotes or invoices
- Evaluating and choosing vendors
- Assessing risks and conducting due diligence
- Purchasing authority approvals
- Executing purchases of approved goods from approved vendors
- Delivery and acceptance of goods and services
- Verifying and processing invoices for payment

Effective procurement policies typically address the following topics:

Competition – How are potential vendors identified, evaluated, and selected?

Internal Controls – How can equal opportunity for potential vendors be increased and unlawful, wasteful, fraudulent, and abusive purchases be prevented?

Documentation – How can the process be verified using a clear trail of documents?



Illustrative example of the procurement policy for competitive bidding:

Any procurements exceeding TZS 5,000,000 must follow a competitive bidding process, through either a price quote or a request for proposal. It is mandatory to solicit bids from at least three potential vendors, with a well-documented, transparent, and fair selection process and giving suppliers equal opportunities to compete.

¹ See: <https://procurementtactics.com/procurement-policy/>



2 Why does a WMA need a procurement policy?

A Wildlife Management Area is a public business entity whose resources are owned by a community of people. The community have entrusted some few individuals to manage WMA resources, including financial resources, on behalf of the wider community. A robust procurement policy can enhance the public's trust in the WMA's ability to handle public funds responsibly and fairly.

You may ask, "Why do organizations need a procurement policy?" Well, usually, When small businesses or organizations starts, they might not think much about having a formal procurement policy. After all, they're usually buying simple materials or services and it's easy to keep track of spending. But as these organizations grow, their spending grows too. Suddenly, different departments need things like assets, hardware, software and technical services from consultants. Money starts going out in all directions, and it's hard to know where it's all going. This is a common challenge when the procurement rules are not set.

A well-defined procurement policy helps ensure that WMA's procurement activities are conducted efficiently, ethically, and in compliance with legal and regulatory requirements, ultimately benefiting the WMA and its stakeholders.

The procurement policy also ensures that best value is obtained when purchasing WMA-related products and services, and to minimize fraud, waste, and abuse in purchasing. This value is aimed at finding the right balance of price and quality of the procured products or services.

Each policy is usually written as a guideline to follow, but again, it is not prescriptive about how to go about performing a competitive procurement process. For the policy to work, this is where procurement procedures come to play.

Without a clearly defined procurement policy and procedures, the management team of the WMA would be unsure of what steps to follow while buying products or services using WMA funds. This will expose them to risks of misconduct, fraud, unfair treatment of suppliers and ultimately losses to the WMA. Without the approved policy, it will also be difficult to hold management accountable to this misconduct due to lack of written guidance given to management.



A good procurement system puts strong checks and balances to bring in accountability, prevents misuse of funds, eliminates conflicts of interests, and encourages efficient use of organization funds in procurement of goods or services.

3 Steps to develop procurement policy and procedures?

Before embarking in development of WMA procurement policy, it is important to get common understanding and approval of key stakeholders regarding the intention of developing this important guiding document. It is easier for WMA management team to lead the research and drafting of the procurement policy with support of consultants or supporting NGO(s), however, it is critical that the Authorized Association, the Board of Trustees and the District Advisory Body or some relevant representatives of these groups to be involved in the process, so they can have buy in, provide inputs and later to approve the final document.



There are many templates and samples of procurement policies and procedures online, most of which provides very detailed best practices of procurement. A simple '[google search](#)' of procurement policies, will provide you many samples and templates. Selected samples and templates of WMA procurement policy and procedures will be included along with this guideline.



It is important to note that often, procurement policy and procedures are included as part of finance and administration policies and procedures.



For more information about Tanzania's public procurement regulations and procedures, read the [National Public Procurement Act, 2011](#)

In Tanzania, procurement best practices are established in the National Public Procurement Act² with a view to enabling efficiency in regulating procurement processes, to ensure value for money in public procurements. Any WMA procurement policy must be inline with this national public procurement policy.

To develop procurement procedures, you must establish several procurement policies first. Once you have a set of policies required, then you can initiate the development of procurement procedures to follow.

For example, if your WMA needs a Competitive Bidding Policy where buyers are expected to offer competitive pricing in order to win the tender, then the procurement procedure for such a policy may go like this:

1. Clearly define the requirements in a work statement for the product or service being procured.
2. Develop and approve the Request for Proposal (RFP), adhering to RFP standards aimed at obtaining high-quality proposals and minimizing risks.
3. Identify potential vendors.
4. Address vendor inquiries.
5. Receive, assess, and evaluate proposals.
6. Shortlist vendors, conduct interviews and demonstrations.
7. Create scoring workbooks for proposal evaluation.
8. Perform pre-contract risk assessment and due diligence on the selected supplier.
9. Negotiate and award the contract to the selected vendor.

Most organizations will have templates, forms, checklists, and other tools that can help in supporting the implementation of these procedures. Examples of these include an RFP or Request for Quotes template, a contract checklist, a proposal evaluation scorecard, and others.

² See [Public Procurement Act of Tanzania, 2011](#)



4 Structure and contents of procurement policy

The specific details and components of a procurement policy may vary depending on the organization's size, industry, and legal requirements, but they typically include the following elements:

i. Policy Statement and Purpose

Broad statement to establish why you are developing the procurement policy and its application.

ii. Authority and Responsibility

Depending on the type of procurement the team responsible may differ. A WMA could form committees either permanent or temporary for different procurements. For example, some WMA's have formed a permanent procurement committee from their Authorized Association to deal with all procurement matters, and some WMAs have entrusted procurement procedures to their management team, while the entire AA just set and approves procurement policies and procedures for management to adhere to. The later approach is recommended in order to avoid confusion of management and oversight functions during procurement. It is also advised to create a special tender committee for big procurement decisions such as choosing an investor, to allow for external technical advisors to be part of the procurement committee.

iii. Procurement Process Overview

Key elements of effective procurement procedures, step-by-step procedure processes employees must follow to execute the principles outlined in your documentation of procurement policies. They define 'how' things get done, including specific actions and workflows necessary to carry out procurement activities efficiently and consistently.

iv. Procurement Method

There are several different procurement methods and strategies to acquire goods or services depending on factors such as the nature of the procurement, procurement amount, whether or not it is a one-off purchase, budget constraints, and local regulations. Some common examples include open tendering, restricted tendering, sole-sourcing, request for proposal or quotations, continuous supplier contracts as well as emergency procurements. A WMA needs to define which methods will be used in which circumstances.

v. Supplier Selection Criteria

Defining the process of identifying, evaluating, and choosing the most suitable suppliers to provide goods or services.

vi. Ethical Standards and Code of Conduct

Defining a list of behaviors expected by employees and suppliers to ensure transparency, fairness, and integrity in the procurement process. These standards and codes of conduct provide guidance for both procurement professionals and suppliers, helping to maintain trust and accountability in the procurement activities. Some common standards include: fair and open competition, conflict of interest avoidance or disclosure; confidentiality; transparency; accountability; Avoiding bribery and corruption; ethical supplier relationships; anti-collusion; whistle-blower mechanisms and adherence to laws.



vii. Budget and Spending Limits

Defining spending limits or procurement measures to put in place when a certain threshold is reached. Examples include putting more strict procedures for expensive procurements and less strict for cheap or recurring procurements.

viii. Documentation and Recordkeeping

What documentation will be kept showing the audit trail of procurement procedure. This includes copies of the advertisements of tenders or request for proposals/quotations, copy of invoices, committee selection criteria, contracts with suppliers etc. The policy should also provide templates and samples as much as possible.

ix. Contract Management

Procedures to administer procurement contracts systematically and strategically throughout their entire lifecycle. This encompasses all activities related to the creation, execution, monitoring, and eventual closure or renewal of contracts between a WMA (buyer) and a supplier (contracted party).

x. Communication

Defining guidelines, processes, and practices that govern how information is exchanged, both internally within the procurement function and externally with suppliers, stakeholders, and other relevant parties throughout the procurement process. This section should also define how will non-compliance be reported by whistleblowers to maintain accountability.

xi. Compliance and Consequences

The compliance section encapsulates the expectations that all individuals and groups involved in the procurement process will adhere to the established procurement policy and guidelines. This includes following the defined processes and procedures, using approved forms and templates, and upholding ethical standards. This section also defines the actions or penalties that may be imposed when non-compliance occurs.

5 Other useful links for procurement policies and procedures



1. Procurement Policies & Procedures Made Easy: A Comprehensive Guide for Development & Implementation: <https://vendorcentric.com/single-post/best-practices-for-procurement-policies-and-procedures/>
2. Procurement Policy Drafting 101: <https://www.lsc.gov/i-am-grantee/grantee-guidance/procurement-policy-drafting-101-guidance-lsc-grantee>
3. Supplier Selection Criteria — The Ultimate Guide for Procurement Managers: <https://procurementtactics.com/supplier-selection-criteria/>



Annexes:

1. Template of Swahili Procurement Policy for Wildlife Management Area



Procurement Policy for Wildlife Management Area – Swahili template.

[\[download here\]](#)

2. Sample Procurement Policy and Procedures by IUCN



Sample Procurement Policy and Procedures by IUCN. [\[download here\]](#)



Document changelogs:

- 05 August 2021: V1.0
 - Uploaded guidelines version 1.0
- 01 November 2023: v1.0.1
 - New version uploaded.
 - Renamed to "Procurement policy and procedures".
 - Added Annex 1, Template of Swahili Procurement Policy for Wildlife Management Area.
 - Added Annex 2, Sample Procurement Policy and Procedures by IUCN.