

Hot Tips and Topics for Good Grant Management: Demystifying the CEPF Procurement Policy

Title

It may seem cumbersome, but CEPF's procurement policy has been put in place to promote fair and open competition, while minimising exposure to fraud and collusion. The policy is part of the small and large grant contracts with the CEPF and is intended to guide grantees in decisions about purchasing goods, professional services or works from an external source to ensure fairness, transparency and accountability. The elements of CEPF's procurement policy are explained below.

1. The US\$5,000 procurement threshold: If you buy goods, professional services or works with a total unit cost of less than US\$5,000, you do not need to go through a competitive bidding process and you do not need prior approval from the CEPF. This is an "off the shelf" purchase.

If your purchase is greater than US\$5,000 but less than US\$50,000 you must either go through a competitive bidding process or follow the sole source procurement procedure. CEPF also has a specific procedure for buying vehicles.

2. When prior approval for purchases is needed from CEPF: You need the CEPF Secretariat's prior approval in the following four instances:

a. Sole source procurement. If you want to buy a good, professional service or work with a total unit cost of US\$5,000 or more without going through the competitive bidding process described in 4 and 5 below, you will need prior approval from the CEPF. You will have to submit a sole source justification using the CEPF's template; you must get written approval before proceeding.

b. Inability to obtain three suitable bids. If you go through a competitive bidding process and are unable to get three bids but have nevertheless identified a suitable supplier or provider, this is also considered sole source procurement. You must then follow the procedure

in 2 (a).

c. Vehicle (car) purchase. See 5 below.

d. Goods, services or works equal to or more than US\$50,000. CEPF has another threshold at the US\$50,000 mark. Contact CEPF for written instructions for the additional bidding requirements.

3. When prior approval for purchases is not needed from CEPF: You don't always need the CEPF's say so to go ahead with a purchase. If the good, service or work costs US\$50,000 or less and is in your original project budget, the CEPF Secretariat does not need to give prior approval, unless you are unable to get at least three bids or price quotes, or are specifically requested by CEPF to do so. However, you must follow the competitive bidding process explained in 4.

4. Steps for a competitive bidding process:

a. Goods with a total unit cost of US\$5,000 or more

- Develop a clear written description of the technical requirements for the good to be procured (i.e., acceptable characteristics, minimum acceptable standards).
- Obtain at least three price quotes based on your specifications. It is not enough to merely request three quotations; you must get them in hand. Having less than three price quotes becomes sole source procurement and you will need to follow the procedure in 2(a).
- You must get price quotes from a reputable business that buys and sells the good in question as part of its day-to-day business operations. Quotations must respond to all requirements in the request for bids, and include the description and quantity of the goods, as well as the delivery time and place.
- Once you have all your quotations and have made a decision, write a justification memo explaining your selection based on the technical specifications.
- Keep all documentation of this process on file so you can make it available to CEPF or any of its donors, if asked to do so.

b. Professional services with a total unit cost of US\$5,000 or more:

- Prepare Terms of Reference (ToR) that set out:
 - Details of the project, your organisation and CEPF.
 - Details of the job for which help is needed.
 - Desired qualifications of the ideal candidate.
 - Expected outputs and delivery schedule.
 - Method for monitoring performance and quality.
 - Explanation on the selection process.
- Obtain at least three CVs based on your person specifications. It is not enough to merely request three CVs; you must get them in hand. Having less than three CVs becomes sole source procurement and you will need to follow the procedure in 2(a).
- Once you have all your quotations and have made a decision, write a justification memo explaining your selection based on the person specifications.

- Keep all documentation of this process on file so you can make it available to CEPF or any of its donors, if asked to do so.

5. Purchasing a vehicle (cars only) with CEPF funds: When purchasing any type of car you must go through a competitive bidding process and request written approval from the CEPF Secretariat *prior* to buying it. The procedure is generally similar to the competitive bidding process for goods, but has the following specific requirements:

a. Requests for quotations must be based on the technical requirements for the vehicle (i.e., required characteristics, minimum acceptable performance standards) and not on a desired make and model.

b. You must get price quotes from a reputable automobile dealer, that is to say a business that buys and sells cars as part of its day-to-day operations. Quotations must respond to all specifications in the request for bids, include a description of the vehicle, and specify the price, delivery time and place.

c. You must have the CEPF Secretariat's written approval before making the purchase.

6. Procurement templates available from the CEPF Secretariat or the RIT:

- Sole source justification form
- Selection rationale memo

7. Record keeping: No matter what procurement procedure you use (even when making “off the shelf” purchases for less than US\$5,000), it is important to keep all documentation on file so you can make it available if asked to do so.

The CEPF has developed a decision tree to help with the procurement process. [Click here to download it.](#)