



GREEN
CLIMATE
FUND

Administrative Guidelines on Procurement

GCF/B.08/31
5 October 2014

Meeting of the Board
14-17 October 2014
Bridgetown, Barbados
Agenda item 26

Recommended action by the Board

It is recommended that the Board:

- (a) Approve document GCF/B.08/31 *Administrative Guidelines on Procurement*;
- (b) Adopt the draft decision presented in Annex I to this document; and
- (c) Authorize the Executive Director to implement the guidelines and issue detailed Administrative Instructions as necessary.

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Administrative Guidelines on Procurement

Introduction and Policies

1. The Board approved the Administrative Policies of the Fund covering Human Resources, Administrative Budget, Procurement and Asset Management, Information and Communication Technology, and Audit and Internal Controls. Policies shall be supplemented by administrative guidelines endorsed by the Board and promulgated by the Executive Director (ED).

2. This document contains two annexes:

- (a) Corporate Procurement Guidelines on the Use of Consultants; and
- (b) Corporate Procurement Guidelines for Goods and Services.

Both guidelines refer to Integrity Principles and Guidelines and the Anti-Corruption Policy, which are currently being developed by the Fund and will be based on the guidelines and policy of the Asian Development Bank.

3. Annexes II and III to this document will, respectively, provide the Secretariat with the guidelines needed to hire consultants and to procure goods and services, effectively and efficiently in a transparent manner. In keeping with the previous decision by the Board, all these guidelines are based on the practices of the Asian Development Bank.

4. Endorsement of the guidelines by the Board will constitute an authorization to the ED for their promulgation. The guidelines may be supplemented by internal instructions and manuals to be issued and approved by the ED.

Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.08/31 *Administrative Guidelines on Procurement*:

- (a) Approves the Corporate Procurement Guidelines on the Use of Consultants and the Corporate Procurement Guidelines for Goods and Services, contained in Annexes II and III, respectively;
- (b) Notes that the Board retains the right to request revision of either or both guidelines if warranted; and
- (c) Authorizes the Executive Director to implement the guidelines and issue detailed Administrative Instructions as necessary.

Annex II: Corporate Procurement Guidelines on the Use of Consultants

I. Introduction and Policies

A. Purpose

1.1 The purpose of these guidelines is to define procedures that the Green Climate Fund (the Fund) shall follow for selecting, contracting, monitoring and evaluating the conduct of consultants required for its own corporate needs.

1.2 For these guidelines, the term ‘consultants’ includes a wide variety of private and public entities, including international¹ and national² consulting firms, auditors, universities, research institutions, government agencies, non-governmental organizations (NGOs) and individuals.³

B. General Considerations

1.3 The operational divisions at the Fund are responsible for the selection, engagement, supervision and evaluation of consultants. Consultants will not normally be used to perform a function if there are adequate internal resources available. Although the specific rules and procedures to be followed for employing consultants depend on the circumstances of the particular case, eight main considerations guide the Fund’s policy on the selection process:

- (a) Need to advertise widely;
- (b) Need for high-quality services;
- (c) Need for economy, efficiency and effectiveness;
- (d) Need to give all qualified consultants an opportunity to compete in providing the services;
- (e) The Fund’s interest in encouraging the development and use of national consultants from the partner countries of operation;
- (f) Need for transparency in the selection process;
- (g) Need for increasing focus on anticorruption and observance of ethics; and
- (h) Avoidance of conflict of interest of consultants and adverse impacts on the Fund’s credibility.

1.4 The Fund considers that, in the majority of cases, these considerations can best be addressed through competition among qualified, shortlisted firms or individuals whose selection is based on the quality of the proposal and, where appropriate, on the cost of the services to be provided. To the extent possible, corporate procurement shall follow procedures as described in Part II of these corporate guidelines describing the different methods of selection of consultants accepted by the Fund and the circumstances in which they are appropriate. Quality- and cost-based selection (QCBS) is the Fund’s preferred method for these

¹ ‘International consultant’ means any consulting firm established or incorporated in any country outside the country where the assignment takes place, or a person who is not a citizen of the country where the assignment takes place.

² ‘National consultant’ means any consulting firm or individual from the country where the assignment takes place that is established or incorporated and has a registered office in that country, or a person who is a citizen of such country.

³ ‘Individual consultants’, see paragraph 2.34.

guidelines, as described in detail the procedures for QCBS. However, for cases where QCBS is not the most appropriate method, alternative selection methods are described on pages 9–10.

C. Applicability

1.5 The procedures outlined in these guidelines apply to all contracts for consulting services required by the Fund, including secondments to the Fund.

1.6 The Integrity Principles and Guidelines of the Fund, as well as the Fund's Anti-Corruption Policy, will apply to all contracts for services.⁴

1.7 The Fund will use:

- (a) Staff consultants to supplement its own staff to support and, where needed, provide specialized, expert knowledge and advice for the Fund's activities under contracts financed from the Fund's administrative budget; and
- (b) Terms of Reference (TOR) to define the duties of consultants. Consultants recruited by the Fund include firms and individuals.

D. Conflict of Interest

1.8 The Fund considers a conflict of interest to be a situation in which a party has interests that could improperly influence the activities of the Fund and the policy decisions of the Board, as well as that party's performance of official duties or responsibilities, contractual obligations or compliance with applicable laws and regulations. The Fund will take appropriate actions to manage such conflicts of interest or may reject a proposal for award if it determines that a conflict of interest has compromised the integrity of any consultant selection process.

1.9 Without limitation on the generality of the foregoing, consultants shall not be recruited under the circumstances set forth below:

- (a) **Conflict between consulting activities and procurement of goods, works or services.** A consulting firm or individual consultant who has been engaged by the Fund to provide goods, works or services to the Fund shall be disqualified from providing consulting services to borrowers or recipients of monies of the Fund related to those goods, works or services unless these are procured at the same time.
- (b) **Conflict among consulting assignments.** Consulting firms or individual consultants shall not be hired for any assignment that, by its nature, may be in conflict with another assignment of the firm or individual. As an example, consultants hired to prepare the TOR for an assignment shall not be hired for the assignment in question. The same should apply for consultants appointed to prepare modalities for the Fund, including work programmes. As such, neither the individual nor the company may be eligible for the implementation of such activities:
 - (i) **Relationship with Fund staff.** Consulting firms or individual consultants who have a business or family relationship with a Fund staff member who is directly or indirectly involved in any part of: (1) the preparation of the TOR of the contract; (2) the recruitment process for such contract; or (3) the supervision of such contract may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Fund throughout the recruitment process and the execution of the contract.

⁴ These are currently being developed on the basis of precedents of the Asian Development Bank.

E. Unfair Competitive Advantage

1.10 Fairness and transparency in the recruitment process require that consulting firms or individual consultants competing for a specific assignment do not derive a competitive advantage from having provided consulting services related to the assignment in question. To that end, the Fund shall make available to all the shortlisted consultants all information, including the Request for Proposal (RFP), that would, in that respect, give a consulting firm or an individual consultant a competitive advantage.

F. Associations between Consultants

1.11 Consultants may associate with each other in the form of a joint venture (JV)⁵ or of a sub-consultancy agreement to:

- (a) Complement their respective areas of expertise;
- (b) Strengthen the technical responsiveness of their proposals and make available bigger pools of experts;
- (c) Provide better approaches and methodologies; and, in some cases; and
- (d) Offer lower prices.

1.12 Such an association may be for the long term (independent of any particular assignment) or for a specific assignment. If the Fund employs an association in the form of a JV, the association will appoint one of the firms to represent the association. All members of the JV shall sign the contract and shall be jointly and severally liable for the entire assignment.

G. Training or Transfer of Knowledge

1.13 If the assignment includes an important component for training or transfer of knowledge to the Fund, the TOR shall indicate the objectives, nature, scope and goals of the training programme, including details on trainers and trainees, skills to be transferred, timeframe, and monitoring and evaluation arrangements. The cost for the training programme shall normally be included in the consultant's contract and in the budget for the assignment.

H. Language

1.14 Documentation and communication relating to the use of consultants prepared by both the Fund and consultants shall normally be in English. However, if necessary this can be translated into another language.

I. Fraud and Corruption

1.15 The Fund requires that consultants observe the highest standard of ethics during the selection process and in execution of such contracts. In pursuance of this policy, and in the context of these guidelines, the Fund:

- (a) Defines, for the purposes of this provision, the terms set forth below as follows:

⁵ The nationality of the joint venture (JV) for the purpose of shortlisting will be defined by the nationality of the firm representing the JV.

- (i) 'Corrupt Practice' means the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
 - (ii) 'Fraudulent Practice' means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
 - (iii) 'Coercive Practice' means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; and
 - (iv) 'Collusive Practice' means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- (b) Will reject a proposal for an award if it determines that the consultant recommended for the award has directly, or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the contract in question; and
- (c) Will sanction a firm or individual, at any time, including declaring ineligible, either indefinitely or for a stated period of time, such consulting firm, individual or successor from participation in Fund-financed activities, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or other prohibited practices.

1.16 Fund contract documents shall include an undertaking by the consultants that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received or promised in connection with the consultant selection process or in contract execution.

J. Performance Evaluation

1.17 The Fund believes that past consultant performance should be linked to further business opportunities. The Fund implements formal consultant performance evaluations. The consultant is also given the opportunity to review and comment on the content of the performance evaluation report prepared by the Fund.

K. Ineligibility for Procurement

1.18 The Fund will not procure services from:

- (a) Any country, organization or individual specifically referred to in any current Resolutions of the United Nations Security Council where such procurement would be counter to any measures imposed by the relevant resolution; and
- (b) Any individual or organization appearing in Table 1 of the World Bank Listing of Ineligible Firms & Individuals as published on the World Bank website.

II. Procedures

2.1 Selection Methods

The Fund implements a range of selection methods in order to:

- (a) Provide a wide range of services;

- (b) Promote streamlining and harmonization; and
- (c) Reduce administrative complexities and transaction costs.

The following selection methods are available for the recruitment of consultants:

Selection Method	Maximum value of contract	Selection based on	Comment
Quality- and Cost-Based Selection	Unlimited, unless for national consultants only, when the limit is US\$ 100,000	Quality of Technical solution and cost	
Quality-Based Selection	Unlimited	Technical proposal	
Fixed Budget Selection	Unlimited	Highest ranked technical proposal	Proposal must be same as, or less than, the fixed budget
Least Cost Selection	Generally less than US\$ 50,000	Lowest cost, technically acceptable proposal	
Consultant's Qualifications Selections	Usually less than US\$ 100,000	Most appropriate qualifications and experience	
Single Source Selection	Usually less than US\$ 50,000; must be justified	Firm must be qualified, experienced and available	Should only be used in the circumstances stated below

These selection methods are described in more detail below.

A. Recruitment of Consulting Firm

1. **Quality- and Cost-Based Selection**

QCBS is based on the quality of the technical proposal and the cost of the services to be provided. Since under QCBS the cost of the proposed services is a factor in the selection, this method is appropriate when:

- (i) The scope of work can be precisely defined;
 - (ii) The TOR are well specified and clear; and
 - (iii) The Fund and the consultants can estimate with reasonable precision the personnel, time and other inputs required of the consultants.
- (a) Preparation of the TOR: Before a consulting firm can be recruited, the objective and scope of the proposed work, and the functions and duties to be assigned to the consultant, should be clearly and adequately defined in the TOR.
 - (b) Cost Estimates (Budget for the Assignment): Well-developed cost estimates are essential to ensure that realistic budgetary resources are provided. The cost estimates shall be prepared by the Fund staff based on assessment of the resources needed to carry out the assignment—that is, expert time and logistical support. Costs shall be divided into two broad categories:
 - (i) Remuneration (according to the type of contract used); and
 - (ii) Out-of-pocket expenses. The cost of expert time shall be estimated on a realistic basis for international and national personnel.
 - (c) Advertising: The Fund normally lists all requests for consulting services on its website before shortlisting.

- (d) Preparation of Longlist of Consultants: The Fund units maintain a list of technically qualified firms based on applications submitted.
- (e) Preparation of Shortlist of Consultants: The Fund's Procurement Specialist (PS) is responsible for reviewing and providing advice on the shortlist. The Fund shall give first consideration to those firms expressing interest that possess the relevant qualifications. Except in special circumstances (e.g. when only a few qualified firms have expressed interest in the specific assignment, or when the size of the contract does not justify wider competition), shortlists shall comprise six firms with a wide geographic spread, with no more than two firms from any one country and at least two of the firms from a developing country, unless qualified firms from developing countries cannot be found. For establishing the shortlist, the nationality of a firm is that of the country in which it is registered or incorporated and, in the case of a JV, the nationality of the firm appointed to represent the JV.

The shortlist may comprise entirely national consultants (firms registered or incorporated in the country) under three conditions: (i) if the assignment is below a ceiling established by the Fund,⁶ (ii) sufficient qualified firms are available to enable a shortlist of firms with competitive costs to be drawn up or (iii) when competition, including foreign consultants, is prima facie not justified or foreign consultants have not expressed interest. However, if foreign firms express interest, they shall be considered.

Preparation and Issuance of the RFPs: The Fund staff shall use the standard RFPs, which include:

- Letter of invitation;
- Instructions to consultants, including a data sheet and evaluation criteria; and
- TOR.

In general, the Fund shall distribute the RFP through an electronic system.

- (f) Receipt of Proposals: Firms shall be required to submit technical and financial proposals in separate sealed envelopes at the same time. Any proposal received after the closing time for submission of proposals will be returned unopened, and no amendments to the technical or financial proposals will be accepted after the deadline.
- (g) Evaluation of Technical Proposal: The evaluation shall be based on the evaluation criteria defined in the instructions to consultants. After the technical quality is evaluated, firms whose technical proposals did not meet the minimum qualifying score of 75 points out of a possible 100 points, or were considered non-responsive to the invitation requirements, will be advised and their financial proposals will be returned unopened. Firms that have secured the minimum qualifying technical score will be advised of the location, date and time for opening of the financial proposals.
- (h) Public Opening of Financial Proposals: The Fund shall then inform the firms whose technical proposals scored 75 points or more of the time and place where the Fund will publicly open their financial proposals. The name of the firms, the technical quality scores and the proposed prices shall be announced and recorded when the financial proposals are opened.
- (i) Evaluation of Financial Proposal: The Fund shall then review the congruency of the technical and financial proposals, make adjustments as appropriate and correct arithmetical or computational errors.

⁶ Dollar ceilings is US\$ 100,000.

- (j) **Ranking of Proposals:** The total score shall be obtained by weighting and adding the technical and financial scores; this will determine the overall ranking of the consultants' proposals. The weight for the 'cost' shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. Except as provided for in the case of other selection methods, the weight for cost shall normally be 30 per cent.
- (k) **Negotiations:** The Fund shall then negotiate a contract with the first-ranked firm. Negotiations will include discussions of the TOR, the methodology, personnel schedule, counterpart facilities and the quantities of cost items in the firm's financial proposal. However, these discussions will not substantially alter the TOR attached to the invitation. The selected firm should not be allowed to substitute experts unless both parties agree that undue delay in the selection process makes such substitution unavoidable, or that such changes are critical to meet the objectives of the assignment.⁷ Proposed unit rates for remuneration shall not be altered, nor should other expenses be negotiated as unit rate cost has been a factor in the selection process. Successful negotiations conclude with the signing of the contract. Financial negotiations shall include clarification of the consultant's tax liability, if any, and how this tax liability has been or would be reflected in the contract. If the Fund and the firm cannot reach agreement, the Fund may terminate the negotiations and start negotiations with the next ranked firm until an agreement is reached.
- (l) **Rejection of All Proposals and Re-invitation:** The Fund reserves the right to reject all proposals if they are non-responsive because they present major deficiencies in complying with the TOR, or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of the services with the firm, should be considered. The new process may include revising the RFP (including the shortlist) and the budget; or the Fund may cancel the consultancy altogether.
- (m) **Confidentiality:** Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process until the publication of the award of contract.

2. **Quality-Based Selection**

Quality-based selection (QBS) is a method based on evaluating only the quality of the technical proposal and the subsequent negotiation of the financial proposal and the contract with the consultant who submitted the highest ranked technical proposal. QBS is appropriate when:

- (a) Assignments are complex or highly specialized, making it difficult to define precise TOR and the required input from the consultants; and
- (b) Assignments that can be carried out in substantially different ways such that financial proposals maybe difficult to compare.

Generally, when QBS is used, the RFP will request that firms submit a technical proposal only (as price will not be used as a selection criterion). Using the same methodology as in QCBS for evaluating and ranking of the consultants' technical proposal, the Fund shall request the consultant with the highest ranked technical proposal to submit a detailed financial proposal, including supporting documentation that may be subject to audit. The Fund and the consultant shall then negotiate the financial proposal and the contract. All other aspects of the selection

⁷ Defining realistic proposal validity periods in the RFP and carrying out an efficient evaluation minimize this risk.

process shall be identical to those of QCBS, including the publication of the award of contract, except that only the cost of the winning firm is published.

3. **Fixed Budget Selection**

Fixed budget selection (FBS) is appropriate only when:

- (a) The TOR are precisely defined;
- (b) The time and personnel inputs can be accurately assessed; and
- (c) The budget is fixed and cannot be exceeded.

To reduce the financial risk for consultants, and avoid receiving unacceptable technical proposals or no proposals at all, FBS can only be used for well-defined assignments where no changes are expected during implementation. Shortlists for FBS will normally comprise six firms with a reasonable geographic spread. The RFP shall indicate the available budget, define the 'minimum' qualifying mark for the 'quality' as 75 points out of a possible 100, and request firms to submit, at the same time, their best technical and financial proposals within the budget in separate envelopes. Evaluation of all technical proposals shall be carried out first, then the financial proposals of firms meeting the 'minimum' qualifying mark shall be opened. Proposals that exceed the indicated budget shall be rejected. The consultant who has submitted the highest ranked technical proposal amongst the remaining proposals shall be selected and invited to negotiate. Should negotiations fail, the Fund shall start negotiations with the next ranked firm until an agreement is reached.

4. **Least-Cost Selection**

Least-cost selection (LCS) is only appropriate for selecting consultants for very small assignments⁸ of a standard or routine nature (audits and simple surveys) where well-established practices and standards exist. Shortlists for LCS will normally comprise three firms. The RFP shall define the 'minimum' qualifying mark for the 'quality' as 75 points out of a possible 100, and request the firms to submit, at the same time, technical and financial proposals in separate envelopes. Technical proposals shall be opened first and evaluated. Those securing less than the minimum qualifying mark will be rejected, and the financial proposals of the rest will be opened in public. The firm with the lowest price shall then be selected and invited to finalize the contract. Should negotiations fail, the Fund shall start negotiations with the next-ranked firm until an agreement is reached.

5. **Consultants' Qualifications Selection**

The consultants' qualifications selection (CQS) method may be used for small assignments⁹ where:

- (a) Highly specialized expertise is required for the assignment and recruitment of 'boutique' consulting firms that provide depth of expertise in specific areas is anticipated;
- (b) Recruitment time is critical and the assignment is, typically, short term;
- (c) Few consultants are qualified; and
- (d) The preparation and evaluation of competitive proposals are not justified.

⁸ Generally less than US\$ 50,000.

⁹ Usually less than US\$ 100,000.

The Fund shall:

- (a) Prepare the TOR;
- (b) Request amplified expressions of interest (EOI) and information on the consultants' experience and competence relevant to the assignment;
- (c) Establish a shortlist of at least three firms; and
- (d) Select the firm with the most appropriate qualifications and references based on the EOI.

The selected firm shall be asked to submit a combined technical–financial proposal and then be invited to negotiate the contract. Should negotiations fail, the Fund shall initiate negotiations with the next-ranked firm until an agreement is reached.

6. **Single-Source Selection**

Single-source selection (SSS) of consultants does not provide the benefits of competition with regard to quality and cost, lacks transparency in selection and could encourage unacceptable practices. Therefore, SSS shall be used only in exceptional cases. The justification for SSS shall be examined in the context of the overall interests and the Fund's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

SSS may be appropriate only if it presents a clear advantage over competition:

- (i) For tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph);
- (ii) In emergency cases, such as in response to disasters;
- (iii) For very small¹⁰ assignments; or
- (iv) When only one firm is qualified or has experience of exceptional worth for the assignment.

When continuity is essential, the initial RFP shall outline this prospect; if practical, the factors used for the selection of the consultant shall consider the likelihood of continuation. Continuity in the technical approach, experience acquired and continued professional liability of the same consultant may make continuation with the initial consultant preferable to new competition, subject to satisfactory performance of the initial assignment. For such assignments, the Fund shall ask the initially selected consultant to prepare technical and financial proposals on the basis of revised TOR, which shall then be negotiated. If the initial assignment was not awarded on a competitive basis, or if the assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if she/he expresses interest.

B. Recruitment of Individual Consultant

For many consultancy assignments required by the Fund, it is likely that individual consultants are more appropriate and cost-effective than firms. Individual consultants may be recruited directly (independent individual) or through an organization, such as a consulting firm, an academic institution, a government or an international agency. The procedures for selection are simpler than those for selecting international and national consulting firms. Individual consultants are recruited on the basis of their professional qualifications and

¹⁰ Dollar thresholds defining 'very small' shall be determined in each case, taking into account the nature and complexity of the assignment, but shall not exceed US\$ 50,000.

relevant experience for the assignment.

C. Recruitment of Particular Types of Consultant

- (a) **Staff Consultant:** The Fund shall define the requirements and prepare the TOR for a staff consultant. The Fund shall review expressions of interest submitted and the data on individual consultants for suitable candidates and, if necessary, ask organizations or consulting firms for nominations.
- (b) **Resource Persons:** Resource persons may not be engaged for more than three months but may be recruited by using SSS.
- (c) **United Nations and Other Specialized Agencies:** The United Nations and other similar specialized agencies may be hired as the consultants, where they are qualified to provide technical assistance and advice in their area of expertise. However, they shall not receive any preferential treatment in a competitive selection process. To neutralize the privileges of United Nations agencies, as well as other advantages such as tax exemption and facilities, and special payment provisions, the QBS method shall be used. United Nations agencies may be hired based on SSS if the criteria outlined in Item 6 of these corporate guidelines are fulfilled. The contractual arrangements will normally be by letter of agreement.
- (d) **Non-Governmental Organizations:** To improve the effectiveness, quality and sustainability of its operations, the Fund cooperates with a range of international and national NGOs. Simplified recruitment procedures and contracting arrangements will be applied for smaller (particularly national) NGOs. Where international NGOs are included with consulting firms on shortlists, the QCBS method will be used. Where the assignment requires in-depth knowledge of local issues, community needs and/or participatory approaches for which either international or national NGOs are clearly better qualified, the shortlist may comprise entirely NGOs and the selection method will be QCBS. Where national NGOs are being recruited, the Fund may apply a modified (simplified) QCBS recruitment procedure to reflect the capacity of the competing NGOs and where evaluation criteria reflect their unique qualifications, including:
 - (i) History of work with local communities and evidence of satisfactory performance;
 - (ii) Familiarity with participatory development approaches; and
 - (iii) Committed leadership and adequate management, and capacity to co-opt beneficiary participation.
 - (iv) The Fund may select the NGO by SSS, provided the criteria outlined in Item 6 of these corporate guidelines are fulfilled.
- (e) **Auditors:** Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They shall be selected according to QCBS, giving cost a weight of up to 50 per cent or by the 'LCS' outlined on page 10. For very small¹¹ assignments, CQS may be used.
- (f) **Service Delivery Assignments:** Assignments requiring support services (e.g. training, the design or production of project training materials or promotional materials or videos, and planning and implementing workshops or seminars) may involve hiring individuals or specialist organizations that deliver services on a contract basis. A lump sum contract is typically the most appropriate mechanism for engaging the service provider.

¹¹ Usually less than US\$ 50,000.

When contracting with an NGO, special attention should be given to conflicts of interest—whether actual or potential. These should be identified in the contract with the NGO with a detailed explanation how they have been addressed.

2.2 Contracting Methods

Selection of the type of contract will depend on:

- (a) The nature of the assignment;
 - (b) Whether the scope and output are definable; and
 - (c) The distribution of risks between the concerned parties.
1. **Time-Based Contract**:¹² This type of contract will be used for complex studies, advisory services and most training assignments. Payments are linked to inputs and are usually based on either daily or monthly rates for personnel named in the contract, and on reimbursable expenses using actual expenses and/or an agreed unit rate.
 2. **Retainer Fee Contract**: In addition to the regular time-based fee, the remuneration of the consultant includes a retainer fee to ensure the consultant’s availability when the need for her or his sporadic services arise.
 3. **Indefinite Delivery Contract (Price Agreement)**: This contract is used when the Fund needs to have ‘on-call’ specialized services to provide advice on a particular activity for which the extent and timing cannot be defined in advance. This is commonly used to retain ‘advisers’ for the implementation of complex assignments normally for a period of a year or more. The Fund and the individual agree on the unit rates to be paid for the experts, and payments are made on the basis of the time actually used.
 4. **Lump Sum Contract**: A lump sum contract is used for assignments in which the content, duration of services and the required output of the consultants are clearly defined. Prices shall include all costs and cannot be negotiated. Payments are linked to outputs, such as reports, bidding documents or software programs.

2.3 Important Contract Provisions for Payments

Contracts should include provisions for the following items:

1. **Currency**: All contracts shall be expressed in US Dollars.
2. **Payment Provisions**: Payment provisions, including amounts to be paid, schedule of payments and payment procedures, shall be agreed during negotiations. Payments may be made at regular intervals (as under time-based contracts) or for agreed outputs (as under lump sum contracts).

Payments shall be made promptly in accordance with the contract provisions.

3. **Advance Payment Guarantee**: The Fund shall request the consultant to provide an advance payment guarantee against the amount advanced, if any.
4. **Personnel Substitution**: During an assignment, if substitution is necessary (e.g. because of ill health or death, or because a staff member proves to be unsuitable), the consultant shall propose other experts of at least the same level of qualifications for approval by the Fund.

¹² Sometimes referred to as progress payment contract.

5. Applicable Law and Settlement of Disputes: The contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes. Consultants' contracts shall always include a clause for settlement of disputes.

2.4 Monitoring and Evaluating Performance

When an assignment is completed, the Fund prepares a confidential report that explains its overall ratings, particularly any low ratings. If the firm's (or individual's) performance is later found to be poor, the report could be used to support any restrictions or other sanctions. The consultant is given the opportunity to comment on the findings of the performance evaluation. The Fund maintains files on the performance of consulting firms and individual consultants and checks these records at the time of shortlisting.

Annex III: Corporate Procurement Guidelines for Goods and Services

1. Purpose

These guidelines govern the Green Climate Fund's (the Fund) institutional procurement of goods and/or services for the operations of the Fund and the administration of contracts for the supply of these goods and/or services. All procurement decisions will be governed by the overarching objectives and guiding principles of the Fund in combating climate change as set out in the Fund's Governing Instrument.

2. Definitions

In these guidelines, the following words and phrases are defined as follows:

- 2.1. **Administrative Services:** Services necessary to support the operations of the Fund and its various divisions at Headquarters. These include services to plan, provide, operate, maintain and administer the Fund's office accommodation, building facilities, equipment, office supplies and travel/transport services (e.g. airline and hotel reservations, passport and visa requirements) for Fund staff on international or domestic business travel.
- 2.2. **Administrator:** Fund staff designated to ensure the efficient administration of credit cards, as provided in sub-paragraph 6.4.5 (ii) of Appendix 1.
- 2.3. **Buyer:** Fund staff designated to manage the corporate credit card on a day-to-day basis, as provided in sub-paragraph 6.4.5 (ii) of Appendix 1.
- 2.4. **Conflict of Interest:** Any situation in which a party has interests or relationships that could improperly influence that party's performance of official duties or responsibilities, contractual obligations or compliance with applicable laws and regulations.
- 2.5. **Contractor:** Any party that supplies goods or performs works and/or services using their own means, methods or manner of accomplishing the desired result pursuant to a contract with the Fund. This includes the contractor's employees, representatives, successors, assignees and/or subcontractors.
- 2.6. **Corporate Credit Card:** Credit card to be used as a mode of payment for goods and/or services procured in accordance with the guidelines provided in sub-paragraph 6.4.5 (ii) of Appendix 1.
- 2.7. **Corporate Social Responsibility:** The continuing commitment of the Fund to observe the highest ethical standards of public procurement of goods and/or services, bearing in mind their impact on the environment, commerce and society in general and the need for quality goods and/or services in the Fund's operations.
- 2.8. **Equipment:** Office machines, furniture and/or furnishings and vehicles, used for the Fund's operations.
- 2.9. **Goods:** Supplies and equipment, routine and non-routine; expendable or semi-expendable supplies; and computer hardware/software and information technology (IT)-related goods required for the operations of the Fund and its various units at Headquarters.
- 2.10. **Institutional Procurement:** Procurement of goods and services necessary to support the operations of the Fund and its various units at Headquarters.

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- 2.11. Institutional Procurement Committee (IPC): Committee authorized with overseeing institutional procurement of goods and services.
- 2.12. Integrity Violation: Any act that includes corrupt practice, fraudulent practice, coercive or collusive practice, abuse, conflict of interest, bribery and obstructive practice.
- 2.13. Large and/or Complex and/or High Risk: Contracts for the procurement of goods and services of a wide application, the technical nature or technical specifications of which require specialized knowledge, is high risk and/or whenever the amount involved is more than US\$ 500,000. These include supply agreements for computers and IT-related goods and services and the like.
- 2.14. Long-Term Agreement (LTA): A service contract longer than three years.
- 2.15. Non-routine Supplies or Non-routine Goods: Supplies that are not normally kept in stock and are procured only when the need arises.
- 2.16. Register of Vendors: List or database of suppliers and/or contractors who possess qualifications generally required under the Fund's contracts for the supply of goods and performance of services.
- 2.17. Routine Supplies or Routine Goods: Supplies that are normally kept in stock and are needed on a regular basis.
- 2.18. Services: Administrative services rendered to the Fund by firms or individuals, including service contractors, service providers and administrative support providers.
- 2.19. Service Contract: A written contract that defines the obligation of a service provider or contractor to provide a defined range of services to the Fund under such terms and conditions as may be agreed upon.
- 2.20. Service Contractor: Specialist engaged to provide specific technical services or processes related to or arising from institutional procurement of goods and/or services. Unlike consultants conducting independent research and analysis for the Fund, and providing it with advice and recommendations, service contractors render specific technical services that include, but are not limited to, formulating technical specifications for institutional goods and/or services being procured.
- 2.21. Service Level Agreement (SLA): Part of a service contract defining the level of service and including a set of performance indicators that service contractors must meet in their provision of services.
- 2.22. Service Provider: A business firm or entity that provides a defined range of services to the Fund and under such conditions as may be agreed in a service contract.
- 2.23. Supplies: Office equipment and expendable and semi-expendable office and IT-related supplies. Expendable supplies are those that are normally consumed in day-to-day operations. Semi-expendable supplies are those that are not consumed entirely in day-to-day operations, have a relatively short durability of not more than one year and comparatively low value, the maximum limit of which will be set by the Head of Administrative Operations (HAO) from time to time based on market conditions.
- 2.24. User Division: The organizational unit within the Fund that requested the goods and/or services and is responsible for receiving and accounting for the goods, administering the particular services being procured and monitoring performance of the services in accordance with the work performance standards stipulated in the contract.
- 2.25. Work Order: A request to render a service placed with or issued to a contractor for services that are either of a one-time nature, issued for a specific, relatively short-term duration

with an estimated value of up to US\$ 25,000, or are for small-scale contracts greater than US\$ 100 but less than US\$ 1,000 in value.

3. Coverage

3.1. The following principles and implementing procedures apply to all types of institutional procurement.

3.2. The Integrity Principles and Guidelines of the Fund, as well as the Fund's Anti-Corruption Policy, will apply to all contracts for services.¹³

4. Procurement Principles

4.1 With due consideration for economy, efficiency and effectiveness, the Fund will procure quality goods and/or services for its operations at the most competitive and/or comparative market prices available using the most competitive procurement method applicable. It will give due regard to the qualifications of the supplier or provider, promptness of delivery, terms of payment, availability of adequate warranty, necessary quality, servicing facilities and previous performance, among other things:

a) To achieve economy of price and to save on administrative cost, the Fund may execute LTAs and supply agreements for the purchase and supply of goods and services whenever feasible. Pricing provided under the aforesaid LTAs will be subject to periodic market testing or confirmation.

4.2 To ensure an adequate, fair and equal opportunity for eligible suppliers or providers to compete for contracts, the Fund will adopt the most competitive procurement procedure applicable to a particular purchasing situation and observe transparency and fairness throughout the procurement process.

4.3 The Fund recognizes the importance of transparency in the procurement process to combat fraud and corruption and further achieve economy and efficiency. As such, it requires all entities (firms or individuals) bidding for or participating in the Fund's institutional procurement of goods and/or services to observe the highest standard of ethics during the procurement of goods and/or services and execution of contracts.

4.4 The Fund will take appropriate action to manage conflicts of interest involving Fund staff and dependents, bidders, suppliers and contractors, including but not limited to rejection of proposals for award, if the Fund determines that a conflict of interest has compromised the integrity of any procurement process.

4.5 Fund staff will maintain the confidentiality of all information and documents relating to institutional procurement activities.

4.6 The Fund will ensure that whenever possible, goods and/or services to be procured conform to applicable legal and other requirements.

4.7 Goods received and/or services rendered pursuant to relevant contracts/agreements shall be subject to periodic evaluation/audit by the user and/or authorized internal and/or external auditors.

4.8 Contracts or purchase orders will be awarded to the bidder who submitted the lowest evaluated substantially responsive bid, if bidding evaluation methodology is pass/fail, or to the bidder with the highest score, if scoring methodology is used. Where, during bid evaluation, the

¹³ These are currently being developed on the basis of ADB's precedents.

prices offered by the lowest evaluated substantially responsive bidder are significantly higher than market references, the Director of Support Services (DSS) may authorize negotiations with the lowest evaluated substantially responsive bidder. Negotiations will generally be conducted so as to obtain the best value for money for the Fund.

4.9 Where it has been determined at the start of the procurement process that goods and/or services to be procured are: (i) complex or require customization or (ii) not comparable for bid evaluation, the relevant endorsing authority may recommend that the DSS invite proposals and issue invitations to negotiate. The relevant endorsing authority will prepare a shortlist of suitable vendors following a structured request for information process, and submit an appropriate negotiation strategy for approval. In general, negotiations will be conducted until the best and final offer can be accepted. The DSS will also approve guidelines specific to each procurement that would govern the conduct of negotiations. The negotiation process and its results must be duly documented as part of the procurement file. Negotiations may also be conducted by fax/email.

5. Responsibilities

5.1 The Fund's DSS will have exclusive authority to procure goods and services for the operation and administration of the Fund and its various divisions at Headquarters.

This includes the authority to:

- (a) Enter into or issue prior approval of commitments to purchase goods and/or services;
- (b) Place, modify or cancel orders for goods and/or services. The DSS will exercise this authority unless he or she delegates such authority to other officers of the Fund. Endorsing and approving authorities for a procurement activity will be based on the estimated amount of goods and/or services to be procured;
- (c) Prescribe limits on quantity, frequency of requisition, terms of engagement or such other conditions necessary for the most economic procurement of goods and/or services;
- (d) Establish standards and specifications for the purchase, receipt and inspection of all goods and services, in consultation with the concerned user section, as necessary;
- (e) Exercise control over all goods and services so purchased, including a regular inventory and evaluation thereof; and
- (f) Convene an IPC to oversee procurement of any goods and services as the DSS deems necessary, regardless of value.

5.2 The IT division will establish standards and advise on technical specifications for procurement of computer hardware/software and IT-related goods and/or services.

5.3 The institutional procurement of goods and/or services will be periodically audited.

5.4 The Fund's General Counsel will review complex contracts and provide advice and assistance on all legal issues relating to procurement and contracts administration.

6. Effectiveness

These guidelines will take effect after approval by the Board of the Fund.

Appendix 1: Implementing Guidelines on Institutional Procurement

1. General Considerations

1.1 Goods and services will be procured through open, international competitive bidding, except when circumstances justify using other procurement methods, subject to the requirements as herein provided.

1.2 Procurement of information technology (IT)-related goods and services will only be made with the endorsement of the IT division.

1.3 Offers to the Fund of free goods, services and/or entertainment from service contractors, vendors and service providers related to or arising from any institutional procurement must be reported to the Director of Support Services (DSS) and may be accepted as justified by the Institutional Procurement Committee (IPC) when it is convened, or by the Executive Director (ED) of the Fund. When Fund staff are offered free goods, services and/or entertainment from service contractors, vendors or service providers, the provisions of Appendix 5 will apply.

1.4 Fund staff will immediately declare in writing any actual and/or potential conflict of interest in the institutional procurement of goods and services. This declaration will be filed with the DSS. Bidders will also be required to include in their bids a disclosure statement of any actual or potential conflict of interest that they may have in the procurement of goods and/or services that they are participating in. When applicable, the IPC and/or the DSS, in consultation with the General Counsel, will determine the best means of handling a particular conflict of interest situation. Staff who are or may be perceived to be in conflict may not exercise any responsibility in relation to the procurement exercise.

1.5 Bidding documents for institutional procurement will include an undertaking that bidders will abide with the relevant national laws against fraud or corruption. The Fund may suspend the procurement process at any stage when there is sufficient evidence to support a finding that an employee, agent or representative of the bidders, suppliers, consultants, contractors and/or service contractors has engaged in any integrity violation in competing for or in executing a Fund-financed contract. The Fund will not award a procurement contract to a winning bidder that has directly or indirectly engaged in any integrity violation in competing for the contract in question.

1.6 Former Fund staff will not be engaged directly as service contractors or service providers, or as employees, consultants or agents of service contractors or service providers assigned to handle any Fund account for one year after leaving the Fund. Any engagement after the one-year prohibited period must be endorsed in writing in advance by the DSS.

2. Requisition procedures

2.1 Each of the Fund's divisions will designate a staff member to act as the procurement focal point who will request procurement of goods and/or services, with the approval of the Division Director.

2.2 An approved requisition will be the basis for preparing a Request for Purchase (RP) that the user division submits to the Procurement Specialist (PS). The RP will, in turn, be the basis for the PS to initiate procurement action.

2.3 Requests for non-routine supplies will be submitted to the PS for procurement, subject to the approval levels provided in paragraph 4.1 below. Requests for routine supplies and

supplies under long-term agreements (LTAs) will be submitted directly to the PS, as appropriate.

2.4 A Division Director will endorse requests for non-routine goods and/or services and provide sufficient justification that explains the need for and/or operational function of the goods and/or services requested. User divisions should plan to purchase such goods and/or services as far in advance as possible and include them in their respective budget.

2.5 To ensure proper identification of the type and scope of goods and/or services required, the procurement focal point of the user division will submit the following documents to the PS. These documents will be used as the basis for initial inputs, sourcing and preparation of bid documents:

- (a) Memorandum-requisition approved by the Director of the user division;
- (b) Budget code;
- (c) Specification of the goods and/or services, with details of the goods and/or services to be procured, desired quality of the goods, standard or level of service to be attained and performance measurement or monitoring systems to be used for assessing attainment of performance or quality standards; and
- (d) Cost estimates.

2.6 The PS will review the request for goods and/or services and provide a timetable for sourcing and processing of the request.

3. Institutional Procurement Committee

3.1 The IPC will be convened for procurement with estimated value above US\$ 500,000 for the Fund Headquarters. The responsibilities of the IPC include, but are not limited to, conducting pre- or post-qualification review of bidders, bid opening, bid evaluation and negotiations in the procurement of goods and/or services of a specified value and recommending the award of contract to the ED for approval. The IPC may issue additional regulations from time to time to carry out its functions more effectively.

3.2 The IPC will be composed of the following:

Chief Finance Officer/Director of Support Services	Chairperson
Procurement Specialist	Secretary
Director, or designated officer from the user division	Member
Head Administrative Operations	Member
Independent members or observers, upon endorsement of the Chairperson, Institutional Procurement Committee, and approval of the Executive Director	Member/Observer

3.3 For institutional procurement of complex goods and/or services, or for procurement that involves complex legal issues, the IPC shall include the General Counsel or designated representative as ex-officio member.

3.4 Members of the IPC will file on the first working day of each year a written affidavit statement disclosing any actual and/or potential conflict or conflicts of interest in the institutional procurement of goods and/or services planned or anticipated for the year. Immediately after being convened, members and officers of the IPC will clarify whether they are in conflict in regards to the matter at hand, and confirm whether their annual disclosure

statements still apply to the particular procurement to be undertaken. Any disclosure and subsequent confirmation will be in the form of a signed and sworn statement that will be published or otherwise made publicly available. The IPC will determine the most appropriate means of handling conflicts of interest, taking into account all the circumstances of each case.

- 3.5 The IPC will decide by majority vote, with the members having one vote each.
- 3.6 Complex contracts and/or contracts worth more than US\$ 500,000 should be submitted to the ED for clearance at least seven working days before the scheduled signing.

4. Approval thresholds and procurement methods

4.1 The choice of procurement method, the initiation of the process and the approval of recommendation of award of procurement actions, shall be based on the estimated value of the contract, pursuant to the following thresholds. The thresholds may vary from time to time as approved by the ED upon recommendation of the IPC. Variations on the award and contract implementation are also subject to this approving authority in accordance to the changes set forth in sub-paragraph 8.8.4 hereof.

Estimated Value (US\$)	Procurement Method	Endorsing Authority	Approving Authority
500,001 and above	Open international competitive bidding with pre- and/or post- qualification, as appropriate	IPC	ED
150,001 up to 500,000	Open international competitive bidding with pre- and/or post- qualification, as appropriate	CFO/DSS	ED
50,001 up to 150,000	Limited tender from pre-selected and suitable suppliers in the Fund's Registry of Vendors. Users may further recommend pre-selected suppliers, in addition to those available in the registry	Procurement Specialist	CFO/DSS
1,000 to 50,000	Shopping by obtaining quotations from at least three suppliers through the appropriate means based on the value of procurement as follows: 25,001-50,000 – sealed bids 1,001-25,000 – written quotations	Procurement Specialist	Division Director CFO/DSS
1,000 or less	Shopping by obtaining quotations from at least three suppliers through letter, phone, fax or e-mail	Procurement Specialist	HAO

Other methods of procurement may be used as deemed necessary by the endorsing authority and confirmed by the approving authority provided above.

5. Open international competitive bidding

- 5.1 Public competitive bidding is the preferred method of procurement. Competitive bidding may be referred to as a Request for Proposal (RFP) process.
- 5.2 Procedures for procurement through open international competitive bidding:
- 5.2.1 The PS, in consultation with the user division, shall prepare the bidding documents and formulate the bid evaluation methodology to be adopted, including evaluation criteria and evaluation framework, and submit them for approval to the appropriate approving authority defined in sub-paragraph 4.1 above. In formulating bid evaluation methodology, contracts for goods and/or services that warrant greater attention to contractor's technical capability, such as contracts for services of a professional nature,

shall be duly considered. In evaluating these contracts, technical considerations and other objective factors may weigh as much as the price.

- 5.2.2 For procurement involving large and/or complex contracts, the user division will recommend experts from among the Fund staff to help prepare the bidding documents and evaluate the bids. However, if the expertise required is not available within the Fund, the PS, in consultation with the user division, will engage service contractors as necessary:
- (a) Service contractors shall disclose any actual or potential conflict of interest in the particular procurement; and
 - (b) Current Fund staff will not be engaged concurrently as service contractors, but former Fund staff may be engaged as service contractors after a one-year cooling-off period and with the endorsement of the PS.
- 5.2.3 Bidding documents will be made available via the Fund's website (and may also be advertised elsewhere) and will contain provisions appropriate to implement the requirements of these guidelines:
- (a) Although the detail and complexity of bidding documents may vary depending upon the kind and value of goods and/or services to be procured, these documents must provide all information necessary for bidders to prepare responsive bids;
 - (b) The evaluation criteria and methodology shall be disclosed in the instructions to bidders with the corresponding pass-fail criteria or weighting and scoring table. The IPC may change the previously approved and published evaluation criteria and methodology when:
 - (i) There are exceptional circumstances warranting such change;
 - (ii) All bidders are notified of the change;
 - (iii) The bidders have not yet submitted their bids; and
 - (iv) Adequate time is given for the bidders to adjust their proposals to the modified evaluation criteria.
 - (c) Any additional information, clarification, correction of errors or alteration in bidding documents shall be provided to all those who have received the original bidding documents; and
 - (d) In the event of any substantive amendments to the bidding documents, the IPC will give adequate time to bidders to make any necessary changes in their bids resulting from such amendments. A period of 15 calendar days is considered adequate for this purpose where the changes involved are substantial.
- 5.2.4 All eligible suppliers and contractors will be notified of opportunities to bid through public notices or advertisements.
- 5.3 Pre-bid meetings
- 5.3.1 Before receiving bids in excess of US\$ 500,000, a pre-bid meeting may be conducted to:
- (a) Answer bidders' queries or provide clarifications concerning, for example, the nature and/or complexity of the goods and/or services;
 - (b) Furnish all information that may be necessary for preparing the bid and subsequently executing a contract; and

- (c) Allow bidders to inspect the premises where the goods and/or services will be used or provided.
- 5.3.2 The PS will advise bidders to send an appropriate representative to attend the pre-bid meeting. Any subsequent claim by the bidder that he/she did not understand the bid requirements will not be entertained.
- 5.4 The PS will give bidders adequate time to prepare and submit their bids. Bidding periods will normally be 15–30 calendar days, counted from issuance of bidding documents until the deadline for submitting bids. Deadlines may be extended by the appropriate approving authority.
- 5.5 Bidding procedures
- The following procedures are done manually, but may be carried out electronically, as deemed appropriate by the Fund:
- 5.5.1 Single-Stage One-Envelope: The usual bidding procedure used for the institutional procurement of most goods and/or simple services:
- (a) Bidders submit bids in one envelope containing both a financial proposal and technical proposal;
 - (b) The envelopes are opened on the date and time advised in the bidding document; and
 - (c) The bids are evaluated and the contract is awarded to the bidder who submitted the lowest evaluated substantially responsive bid or to the bidder with the highest score, if scoring methodology is used.
- 5.5.2 Single-Stage Two-Envelopes: This allows bids to be initially evaluated on purely technical and administrative grounds without reference to price:
- (a) Bidders submit their technical proposal and financial proposal in two separate sealed envelopes;
 - (b) On the date and time indicated in the bidding document, the IPC or the PS opens and subsequently evaluates the technical proposals. The IPC may clarify contents of but will not allow amendments or changes to the technical proposals;
 - (c) To allow evaluation of the technical proposals without consideration of the price, the financial proposals will remain sealed in the custody of the PS;
 - (d) Bids with technical proposals that do not conform to the specified requirements will be rejected as non-responsive bids and their financial envelopes will be returned unopened;
 - (e) The corresponding financial proposals of bidders that comply with the technical requirements will then be opened on a date and time duly communicated by the IPC to the bidders; and
 - (f) The financial proposals are evaluated and the contract is awarded to the bidder whose bid is determined to be the best technically and financially, or such bid that offers the best value for money using the most appropriate among the evaluation methodologies described in paragraph 7.3 below.
- 5.5.3 Two-Stage Two-Envelopes: This may be adopted for procurement involving large and/or complex contracts and where technically unequal proposals are likely to be

offered, or when two or more different but equally acceptable technical solutions are available in the marketplace:

- (a) First stage: Bidders will submit their technical proposal in accordance with the specifications and requirements for two-stage bidding;
- (b) The IPC will open the technical proposals on the date, time and place indicated in the bidding and subsequently evaluate them. The financial proposals remain sealed documents in the custody of the PS;
- (c) To ensure that all technical proposals conform to the same acceptable technical standards and meet the required technical solution, the IPC will discuss with the bidders possible amendments or changes to the technical proposals. Bidders who agree to make such adjustments will be given time to do so;
- (d) Bidders who are unable or unwilling to bring their technical proposal to conform to the acceptable technical standard will be allowed to withdraw their bids without penalty;
- (e) Individual discussions with bidders will be duly recorded, but the IPC will ensure that minutes of these discussions are not disclosed to other bidders;
- (f) Second stage: After evaluating the technical proposals, the IPC will invite the complying bidders to submit their revised technical proposals and supplementary financial proposal, if any, based on the agreed technical standard;
- (g) The IPC will then set the time and date for opening the original and supplementary financial proposals and the revised technical proposal; and
- (h) The financial proposals, supplementary financial proposals and revised technical proposals will be evaluated in a single-stage, one-envelope bidding procedure. The contract is awarded to the bidder whose bid is determined to be the best technically and financially, or such bid that offers the best value for money.

5.6 After opening the bids, the IPC will ascertain whether:

- (a) The documents were properly signed;
- (b) The bids are substantially responsive to the bidding documents;
- (c) Arithmetic errors in computation were made in the bids;
- (d) The bids are otherwise generally in order; and
- (e) Any overall discounts or reservations apply.

5.7 After the deadline for submitting bids, no bidder will be requested or permitted to alter the bid, except in the case of two-stage bidding. However, the PS may request clarifications or allow correction of arithmetical and typographical errors that would not affect the substance or validity of the bid.

5.8 A bid that is not substantially responsive to the bidding documents or contains inadmissible reservations will be rejected. A bid will be rejected if it is determined to contain an omission or misrepresentation that the PS, in consultation with the General Counsel, determines to amount to an integrity violation. A bid that is considered to be unreasonable (at least more than 15 per cent lower than all other bids) may be rejected by the IPC.

5.9 A technical analysis will then be made to evaluate responsive bids and enable bids to be compared. Bids that conform to the technical specifications and are substantially responsive to the bidding documents will be evaluated according to the evaluation criteria.

5.10 The IPC will evaluate bids with contract value of more than US\$ 500,000 and submit its recommendations to the ED for approval. The PS will prepare confidential minutes of the proceedings of the IPC. Bids with a contract value of US\$ 500,000 or less will be evaluated by the PS in conjunction with the user division.

5.11 No information relating to the examination, clarification and evaluation of bids and recommendations concerning awards will be communicated to any person not officially concerned with these procedures.

5.12 Clarifications may be sought on all bids as necessary. Negotiations may only take place with the bidder scoring the highest score in an evaluation meeting. However, if negotiations fail, the IPC may authorize negotiations with the second-rated bidder.

5.13 Bid opening and evaluation will be duly recorded and the minutes accordingly filed in sufficient copies with the PS.

5.14 The PS will keep all bids received in a confidential file.

5.15 Post-qualification

5.15.1 In procurement without pre-qualification, or where pre-qualification was conducted more than 12 months earlier, the PS, or the IPC when it is convened, will determine whether the bidder with the lowest evaluated bid has the capability and resources to carry out the contract effectively, based on a fixed set of criteria. This is the final step in evaluating bids. If the bidder fails to meet these criteria, the PS or the IPC will reject its bid and will then post-qualify the bidder with the next-lowest evaluated bid.

6. Other methods of procurement

6.1 Less competitive methods of procurement that constitute exceptions to public competitive bidding may be considered in the following cases:

6.1.1 The goods and/or services are highly specialized and therefore provided by a sole or a limited number of manufacturers or suppliers;

6.1.2 Open international competitive bidding is not likely to be cost-efficient, based on experience or as determined by the user division and confirmed by the PS and approved by the DSS;

6.1.3 A previous tender for the goods and services was not successful or had to be cancelled;
or

6.1.4 The ED decides, for other reasons deemed appropriate and necessary, or the IPC advises against use of public competitive bidding as the method of procurement.

6.2 The user division will submit sufficient justification for adopting any of the exceptions to public competitive bidding herein provided. Any such request will have to be endorsed by the ED or the IPC, as appropriate.

6.3 The ceilings of authority to approve exceptions to public competitive bidding, based on the estimated value of the contract, will be the same as those provided in paragraph 4.1 above. Approval of exceptions to public competitive bidding with corresponding justification will be

recorded by the PS and may be subject to further, ex-post scrutiny by the auditors. The PS should be able to advise the ED on the suitability of less competitive forms of procurement, and the ED should consider that advice.

6.4 Any of the following methods may be used, except when a less competitive procurement method has been specifically approved:

6.4.1 Limited tender – for goods and/or services with an estimated value from US\$ 50,001 to US\$ 150,000:

- (a) The PS will prepare the bidding documents, which include, but are not limited to, an invitation to bid, instructions to bidders, bid form, technical specifications and the proposed contract terms and conditions based on standard forms approved by the General Counsel. The PS will refer the draft-bidding documents to the user division for review and comments, and the contract stipulations or conditions to the General Counsel, as necessary. Referrals to the General Counsel will specify the particular legal issues in the contract that need to be addressed;
- (b) The DSS will approve the bidding documents and the PS will issue them based on a limited tender from pre-selected and suitable companies (local and international) from the Fund's Registry of Vendors. Users may also recommend pre-selected companies, in addition to those available in the registry;
- (c) Minimum of two bids will be submitted in the prescribed form, together with the bid-securing declaration, if required, and other required documents, on or before the submission time and date specified in the bidding documents;
- (d) The user division will conduct technical evaluation of proposals obtained in a limited tendering exercise and submit to the PS a corresponding technical evaluation report within three working days from receipt of the proposals; or
- (e) If there is only one complying bid if it represents value for money it may be considered.

6.4.2 Shopping – a procurement method based on comparing price quotations obtained from at least three suppliers to assure competitive prices.

- (a) Subject to the approvals required under paragraph 4.1 above, shopping is an appropriate method for procuring goods and/or services with an estimated cost of not more than US\$ 50,000 when:
 - (i) The goods and/or services are available off-the-shelf;
 - (ii) The goods and/or services are standard specification commodities or simple civil works of small value; or
 - (iii) Critical items are to be procured from specialist suppliers.
- (b) The PS will endorse at least three suppliers or sources. The PS may choose from among those listed in the Fund's Registry of Vendors or consult the user division for recommendations.
- (c) The PS will obtain, through the most efficient method (i.e. postal mail, telephone, fax or email), quotations from the endorsed sources or suppliers based on the scope of services, specifications, bill of quantities, schedule of rates or specimen contract from the user division.

- (d) The evaluation of quotations will follow the principles of open bidding. The terms of the accepted quotation will be incorporated in a purchase order or brief contract.
- (e) The user division will conduct technical evaluation of proposals obtained under shopping and submit to the PS a corresponding technical evaluation report within three working days from receipt of the proposals.

6.4.3 Direct contracting – contracting without competition. Subject to the approvals required under paragraph 4.1 above, direct contracting is an appropriate method of procurement when public competitive bidding or the use of other competitive methods of procurement would not respond to the institutional needs in the following cases:

- (a) Repeat orders when additional quantities of goods and/or services that have already been procured through public competitive bidding are needed to meet additional requirements. This is permissible provided that the additional quantity for the repeat order does not exceed 20 per cent of the original quantities, or if there are justifiable reasons for a price increase that does not exceed 5 per cent of the original unit price and the repeat order is made within 18 months from the date of approval of purchase order or date when the contract commenced, whichever is later. The PS shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable;
- (b) The required equipment is proprietary and obtainable only from one source;
- (c) The procurement of certain goods from a particular supplier is essential to achieve the required performance or functional guarantee of the desired equipment;
- (d) In exceptional cases, such as (but not limited to) in response to natural disasters and emergency situations declared by the ED; and
- (e) In circumstances that procurement is from United Nations agencies.

However, the user division will conduct a technical evaluation of any direct contracting bid or proposal and submit a corresponding technical evaluation report to the PS within three working days from receipt of such a bid or proposal.

In particular, to use the following forms of direct contracting, the conditions under each must be clearly established:

- (a) The goods and/or services are proprietary in character and obtainable only from one or a limited number of sources or suppliers;
- (b) Standardization is important, and equipment and spare parts required for expansion or repair of existing equipment must be procured from the original supplier, or from a supplier of identical goods; or
- (c) Works to be undertaken are a natural extension of an earlier or ongoing job and the engagement of the same contractor will be more economical and will ensure compatibility of results in terms of quality of work.

6.4.4 Purchase of low-value goods and/or services – low-value goods and/or services worth US\$ 1,000 or less will be procured through the PS, subject to the approval required under paragraph 4.1 above. Upon approval of the request by the Director of the user division, procurement focal point will raise the corresponding RP. Requirements for goods and/or services should not be disaggregated to remain under the US\$ 1,000

threshold value for this method of procurement.

6.4.5 Credit card purchases – intended for goods and/or services:

- i) That must be procured urgently to avoid an imminent degradation or suspension of a continuing service;
- ii) The procurement of which may be undertaken only by means of a credit card facility; and/or
- iii) As a payment method where credit card payment is required to provide a deposit or replace the need for payment in cash. These goods and/or services normally include, but are not limited to, low-value, expendable goods such as IT-related supplies, maintenance/support services; hotel reservations; visa issuances fees/charges; and air tickets that are booked online. Credit card purchases in such cases are settled using the corporate credit card in accordance with the following common guidelines for credit card purchases:
 - (a) Credit cards will be used for official Fund purposes only;
 - (b) The Fund staff in whose names credit cards are issued will report to the PS receipt of such credit cards; execute an undertaking to use the credit cards only for official purposes; and submit the signed undertaking to the PS before using and/or authorizing use of the credit cards;
 - (c) Credit cards are **not transferable** and may not be used by anyone other than the authorized user. If the authorized user is absent for an extended period, the appropriate director may request that a new card be issued to a different person for the duration of such an absence;
 - (d) Credit cards will be used for business expenditures only—not for personal purposes;
 - (e) Authorized users of credit cards should not split charges in an attempt to exceed the individual transaction limit;
 - (f) Authorized users of credit cards agree to promptly address credits, errors and disputed charges;
 - (g) In addition to the specific responsibilities provided below and in applicable guidelines or issuances, administrators of credit cards will adopt measures to ensure that credit card purchases are properly recorded; and/or
 - (h) Misuse of credit cards will be subject to disciplinary action.

6.4.6 Corporate credit card – use of the corporate credit card will be governed by the following guidelines:

- (a) The corporate credit card will be used for the prepayment of:
 - (i) IT-related items including software that does not require any agreement or contract to be signed or attached to the software with a maximum cost of US\$ 500 or its equivalent in another currency;
 - (ii) Other miscellaneous IT-related services/expenses in small amounts that need to be settled through the use of credit cards;

- (iii) Hotel reservations and charges for visa issuances;
- (iv) Online booking of air tickets for the Fund's business travels;
- (v) Books, periodicals and other information resources through the internet that require pre-payment; and
- (vi) Other goods and/or services, as may be requested by user sections and approved by the PS.

6.4.7 Emergency purchases – emergency purchases refer to purchases that are not foreseen and which should be urgently made as justified by the user division. Emergency purchases will be approved by the PS based on strong justification provided by the appropriate endorsing authority in paragraph 4.1 above. In no case will the provision for emergency purchase be used to circumvent the procedure for regular procurement.

7. Qualification criteria

7.1 In addition to consulting the Registry of Vendors, the IPC may further determine the qualification of suppliers and/or service contractors to supply goods to and/or perform the services that the Fund requires, either before being invited to submit a proposal (pre-qualification) or after submitting a proposal (post-qualification). For procurement of goods and services involving large and/or complex contracts, the IPC may decide to pre- or post-qualify only upon recommendation of the user section.

7.2 Qualification

7.2.1 The criteria against which the qualification of bidders will be evaluated include, but are not limited to, the following:

- (a) Financial condition;
- (b) Technical qualifications;
- (c) Relevant experience;
- (d) Key employees; and
- (e) Record of compliance with applicable laws and/or standards on environmental protection, corporate social responsibility, and fraud and corruption.

7.2.2 In procurement where pre-qualification is determined to be necessary, the following procedure will apply:

- (a) The user division submits to the PS the minimum requirements to be included in the pre-qualification, bidding and related contract documents;
- (b) The PS prepares the pre-qualification documents including the evaluation criteria agreed upon with the user division and endorsed by the IPC;
- (c) Invitations to pre-qualify are advertised through the Fund's website.
- (d) The PS issues pre-qualification documents to prospective bidders who respond to the advertisements;
- (e) The PS and the user division review the pre-qualification documents from the prospective bidders. The PS then presents the result to the IPC for discussion and endorses the qualified firms for subsequent approval by the ED; and

- (f) All firms found capable of supplying the goods and/or performing the services satisfactorily in accordance with the approved minimum pre-qualification criteria will be pre-qualified and invited to submit bids.

7.2.3 Technical and commercial evaluation criteria against which the contractor and/or supplier will be technically and commercially evaluated will be defined.

- (a) The technical and financial criteria that the PS or the IPC will apply to prospective bidders should include:

Technical Criteria

- (i) Experience;
- (ii) Resources;
- (iii) Employees;
- (iv) Work performance statement;
- (v) Organization/references/key staff;
- (vi) Health, safety and environment;
- (vii) Quality management;
- (viii) Procedures and systems; and
- (ix) Acceptance of the proposed terms and conditions.

Financial Criteria

- (i) Financial standing; and
 - (ii) References (if applicable).
- (b) Depending upon the size, value and complexity of the user division's requirements and the recommendation of consultants in procurement of goods and/or services involving large and/or complex contracts, additional criteria may be considered, provided all criteria for pre-qualification are specified in the bidding documents.

7.3 The PS will use the following framework, unless other evaluation frameworks are decided to be more applicable and indicated accordingly in the bidding documents:

7.3.1 Pass and Fail Evaluation Framework; determination of compliance with approved minimum requirements.

8. Award of contract

8.1 The PS will prepare the letter of acceptance of the successful bid for the appropriate approving authority's signature and send it to the successful bidder accordingly. The PS will also prepare the letters notifying unsuccessful bidders of the outcome of the bidding process.

8.2 Upon notification of the award of contract, the successful bidder will be required to submit the applicable liability insurance policies and performance security before commencing performance under the contract. The PS or the IPC will fix the amount of performance security, which will not be less than 10 per cent of the contract value. The PS will ensure that performance securities and liability insurance policies are maintained.

8.3 The user division will issue a 'Notice to Proceed' to the successful bidder as necessary.

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- 8.4 Advance payments may be prescribed in the bidding documents as follows:
- 8.4.1 The Fund will not normally make advance payments, except when direct contracting (single source) and/or when buying from suppliers on an indent basis. However, when requested to do so, the Fund must first expressly agree to pay in advance. In those cases, the advance payment must not exceed 20 per cent of the contract price, and the contractor will be required to furnish sufficient security to ensure recovery of the advance payment should the contractor fail to deliver. The security shall be in the form of a bank guarantee in the same amount and currency as the advance and should be furnished to the Fund before receiving advance payment.
- 8.4.2 Advance payments of more than 20 per cent of the purchase price may be made, but only when endorsed by the user division, required by industry practice for the particular procurement, and approved following the levels of authority provided under sub-paragraph 4.1 above. The PS will ensure that the contractor posts sufficient security for such advance payment.
- 8.5 Form and conditions of contract
- 8.5.1 Contracts for the supply of goods and/or services will be in writing and executed by the parties in person or in counterparts through duly authorized representatives.
- 8.5.2 To suit specific needs of the user division, contract provisions in standard formats of contracts for the supply of goods and/or services may be modified accordingly, in consultation with the user division. The PS may request the assistance of the General Counsel, as necessary.
- 8.5.3 An LTA will be entered with service providers where:
- (a) The service or concession subject matter of the LTA is critical;
 - (b) Frequent changes in the service provider would impact negatively on the Fund;
 - (c) Previous bidding exercises have shown that no advantage would be gained in re-tendering the particular service; and
 - (d) The incumbent has provided satisfactory performance as a service provider.
- 8.5.4 Services including, but not limited to, the following may be covered by an LTA:
- (a) Commercial banks;
 - (b) Building maintenance;
 - (c) Telecommunications;
 - (d) Insurance;
 - (e) Printing, typesetting and editorial services; and
 - (f) Leases.
- 8.5.5 LTAs will include Service Level Agreements (SLAs) to assist the user division in monitoring the performance of the service provider or concessionaire.
- 8.5.6 Other conditions of contract may include, but not be limited to, the following:
- (a) A dispute resolution clause providing for:
 - (i) International commercial arbitration as an alternative mode of settling disputes arising from or out of the contract;

- (ii) Governing law and the seat of arbitration; and
 - (iii) In service, supply and installation contracts, and turnkey contracts, other mechanisms, such as dispute review boards or adjudicators, which are designed to permit a speedier dispute settlement.
 - (b) Vendor's commitment to comply with applicable laws and standards on environmental protection, corporate social responsibility, and fraud and corruption.
- 8.6 Duration/extension of contract
- 8.6.1 To promote transparency and efficiency, and to maintain high-quality service, service contracts in general may be awarded for an initial period of up to three years. However, a contract may be considered for extension for a term to be negotiated with the contractor and approved by the ED.
- 8.6.2 Unless otherwise approved by the ED, contracts for services that do not fall under those that may be covered by LTAs will have a maximum duration of three years.
- 8.7 Contract amendments
- 8.7.1 A contract for the procurement of goods and/or services may need to be amended:
- (a) Due to changes in the Fund's operating requirements;
 - (b) To reflect extensions in the contract period, in consideration of satisfactory service as evaluated by the user division; or
 - (c) For other lawful reasons that the Fund and the supplier and/or contractor consent to.
- 8.7.2 Contract amendment refers to, but is not limited to, the following:
- (a) Extension of the contract period;
 - (b) Change in the total value of the agreement or the rates of a specific service, or both, or a certain portion of the agreement;
 - (c) Changes in the specification of services or support schedule, or both, but without changes to the value of the agreement;
 - (d) Terms of payment for the services;
 - (e) Frequencies of services to be rendered; or
 - (f) Any combination of the above.
- 8.7.3 The PS will process contract amendments, and the PS will advise these units to ensure that the terms and conditions of amended contracts comply with the provisions of these guidelines.
- 8.7.4 Specific endorsement and approval from the respective original, endorsing and approving authorities as per sub-paragraph 4.1 above, or from the relevant authorities if the total contract value, including the proposed amendment, exceeds the initial threshold of the contract, shall be obtained for any change that:
- (a) Increases the initial contract amount by 15 per cent or more;
 - (b) Increases the initial contract duration by 25 per cent;



- (c) Substantially alters the original scope or object of the contract, to the extent that the change constitutes in essence a new procurement;
- (d) Where the contract variations extend the total term of the contract over five years; or
- (e) Where the total cumulative value of the multiple contract amendments exceeds 200 per cent of the initial contract value.

Appendix 2: Additional Guidelines on Information Technology Procurement

1. Public competitive bidding is the preferred method of procurement of information technology (IT)-related goods (e.g. software, hardware) and/or services. However, in consideration of the special nature of IT procurement, other methods of procurement may be adopted when approved by the appropriate approving authority listed in paragraph 4.1 of Appendix 1 as an exception to the procurement methods prescribed for the cost thresholds in the said paragraph 4.1 when necessitated by standardization, support and maintenance, compatibility, generally accepted commercial practice, and other similar reasons.
 - 1.1. To assist user divisions in determining the optimal technical solution for their requirements, a Request for Information (RFI) will be conducted together with the Procurement Specialist (PS) and Information Communications Technology (ICT) Unit for technical expertise as needed. Meetings and/or working sessions with user groups and ICT will be conducted to ensure that technical requirements are well defined, meet both industry and the Fund's technology standards and are approved and/or endorsed by ICT as required. Presentations and/or demonstrations may be scheduled as needed during the RFI to assist user sections in determining the vendor qualifications.
 - 1.2. During the RFI process, user sections may also discuss indicative pricing with suppliers and/or vendors, without prejudice to subsequent price negotiation to be conducted during the procurement stage. For IT procurement requests with a value equal to or greater than US\$ 500,000, results of the RFI process will be endorsed by the Institutional Procurement Committee (IPC) before initiating the procurement process.
2. To facilitate procurement, IT-related goods and/or services will be categorized as follows:
 - 2.1. Goods – hardware/software, including but not limited to the following:
 - (a) Desktop computers;
 - (b) Notebooks/laptops;
 - (c) Wireless devices (Blackberry, e, etc.) and mobile phones;
 - (d) Servers;
 - (e) Printers;
 - (f) Communications/telecommunications;
 - (g) Computer projectors;
 - (h) Storage devices;
 - (i) Low-value, off-the-shelf or non-customized software applications; and
 - (j) Large and/or complex contracts for customized software applications and related implementation services.
 - 2.2. Services, including but not limited to, the following:
 - (a) IT contractual employees;
 - (b) Outsourced services and/or hosted applications;

- (c) Maintenance;
 - (d) Technical support;
 - (e) Training (see below);
 - (f) Subscriptions (telecommunications, domains);
 - (g) Upgrades (software and hardware; may further include certified levels of maintenance and support services); and
 - (h) Project management.
- 2.3. Combination of IT-related goods and services, including miscellaneous items:
- (a) IT projects – include service provider employees and usually include customized requirements delivered through fixed-price and/or time and materials contracts; and
 - (b) Memberships – offers goods and/or services at a discount (e.g. training and publications).
3. Endorsement and/or Approval of Requisitions and Preparation of Requests for Purchase:
- 3.1 After obtaining the required internal approvals, requests for IT-related goods and/or services will be submitted by user divisions to ICT for endorsement and/or approval as necessary. ICT will, among other things, confirm the technical specifications and their compatibility with the Fund’s IT standards, strategic direction and technology fit. Upon review and approval, ICT and user division will formally issue an internal memorandum to the PU or the IPC, as appropriate, approving the technical specifications.
- 3.2 Requests for procurement of IT-related goods and/or services must use generic terms to describe the technical specifications, without directly or indirectly indicating specific brands that could inappropriately render competitive bidding impossible.
- 3.3 User divisions will then prepare the corresponding request for purchase and submit it to the PU.
4. The PS or the IPC, as appropriate, will consult ICT and the user division in assessing the procurement approach, the estimated schedule in identifying critical activities and target completion date, completeness and appropriateness of the request and documentary submissions, and the user division’s specific software requirements.
5. Procurement of IT-related goods and/or services will generally follow the guidelines provided in Appendix 1. However, in consideration of the unique nature of IT procurement, the following bidding procedures may be adopted on an ‘as-needed’ or exceptional basis and will supplement and/or supersede relevant provisions of Appendix 1.
- 5.1 Pre-bid meetings and/or conferences may be held with vendors to better present and/or clarify the user section’s technical requirements. Such meetings may be held with individual vendors or as a group as needed.
 - 5.2 Budget amounts for IT-related goods and/or services will not be disclosed to vendors throughout the duration of the procurement process.
 - 5.3 Bid opening will be conducted in the presence of authorized Fund staff from the user division and the PU.
 - 5.4 The appropriate approving authority in paragraph 4.1 of Appendix 1 will approve limited tender, shopping, or direct purchasing and/or contracting as a mode of procurement of IT-related goods and/or services as an alternative to public competitive

- bidding only when the ICT certifies the need for it, in accordance with the policies and procedures in these guidelines and its appendices.
- 5.5 ICT can request an emergency procurement in the event of IT-related security risks, threats, and vulnerabilities; urgent system availability issues; or any such situations that threaten the security or reputation of the Fund subject to the provisions of Appendix 1.
- 5.6 The PS will be allowed to procure IT-related goods and/or services via other international organizations and government agreements as appropriate.
- 5.7 Technical evaluation members will sign a non-disclosure agreement to protect the confidentiality of the evaluation process. If an evaluation team member is unable to continue, he/she will be responsible for transferring critical knowledge to his/her replacement prior to leaving the evaluation committee.
- 5.8 Technical evaluation members may request a pilot or proof-of-concept from vendors to assist in the evaluation. The option to request such items will be included in the bidding documents.
6. Industry-standard software contracts or license agreements for low-value and off-the-shelf software products need not be submitted to the General Counsel for review.
7. Subject to approval of the IPC, posting of performance security may be waived for IT-related goods and/or services that have express vendor warranties.
8. In the IT industry, training and/or attendance at conferences is often an integral part of contracts for the supply of hardware and/or software. Hence, training and/or attendance at conferences associated with or bundled in such contracts by Fund staff or contractors may be included as part of the requirements or offer. Whenever possible, the cost of training (including accommodations, airfare and per diem) should be detailed in the bidding documents or proposals/price quotations, as appropriate, and in the contract to be awarded. In no case should such costs exceed the entitlements allowed under the Fund's established policy or rules. All training activities and/or attendance in conferences associated with contracts for the supply of hardware and/or software will be reported to the PU, upon contract signing, to ensure that such training and/or attendance in conferences is properly reflected in the Fund's skills inventory.
9. For recruitment of IT consultants, the following procedure will apply:
- 9.1 User sections will submit a request for IT consultants to ICT for endorsement;
- 9.2 The ICT reviews the Terms of Reference (TOR) and technical skills, and confirms budget clearance. Upon final approval of the request, ICT will submit the request for engagement of consultants to the PU;
- 9.3 The PS reviews the request and, if needed, seeks clarifications from the ICT. The PS approves and publishes requests as expression of interest on gcfund.org;
- 9.4 The ICT and the user division review the responses and rank the consultants using the Individual Consulting Services (ICS) scoring system. The top ranked candidate is sent to the PU for vetting of Performance Evaluation Report (PER), validation of commercial rates and contract preparation;
- 9.5 The PS initiates negotiations directly with the top ranked consultant and upon completion of negotiations notifies the user division to proceed;
- 9.6 The user division issues a formal notice to proceed to be sent to the consultant and kept in the PS records;

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- 9.7 Upon completion of the consulting assignment, the user division will complete a PER in the ICS system; and
 - 9.8 Requests for engagement of IT consulting firms where estimated contract value is less than US\$ 500,000 will be reviewed and endorsed by an IPC subgroup composed of members of the PS, Administrative Operations, and ICT.
 10. Use of Indefinite Delivery Indefinite Quantity (IDIQ) contractual framework:
 - 10.1 The PS will continue to fulfil requests for IT contract resources utilizing the IDIQ contractual framework via the following processes:
 - 10.1.1 Requests for IT contractual resources will be submitted by the user division to ICT;
 - 10.1.2 ICT will validate the TOR and technical skills needed; and
 - 10.1.3 Upon review and approval of the request, the PS will then create and submit a task order to IDIQ vendors for fulfilment of resources.
 - 10.2 ICT will submit all IDIQ requests that exceed one year in length or requests for contract variations that exceed the total amount of the original task order request to the PU for review and approval by the approving authority in paragraph 4.1 of Appendix 1.
 - 10.3 The PS will review IDIQ monthly reports prepared by ICT to determine IDIQ threshold settings, contract rebidding strategies and related procurement actions.
 - 10.4 IDIQ requests for five or more individual resources required to work on the same project will be submitted to the PS for joint review with the General Counsel. Such requests will be vetted to determine whether they are candidates for IT consulting firms rather than individual contract resources.
 - 10.5 The PS will audit randomly selected, fulfilled IDIQ requests on a quarterly basis to ensure proper utilization of the IDIQ framework agreements.
 - 10.6 IDIQ framework contracts will be scheduled for rebidding every three years with no automatic renewal clauses. Items such as volume discounts and rebates will be considered as part of the IDIQ renegotiation strategy.
 - 10.7 Renewal of IDIQ framework contracts or adjustments to existing contracts will be jointly vetted by the PS and Finance to ensure that TOR, technical skills and commercial rates are adequately structured to provide IT contract labour.

Appendix 3: Contract Administration

The Procurement Specialist (PS) will carry out the day-to-day administration of the contractual and related matters once contracts have been executed, unless otherwise delegated to the appropriate unit—for example, the Information Technology (IT) Unit for IT contracts. In particular, the PS will ensure that suppliers and/or contractors comply with their respective contractual obligations.

To this end, the PS will:

- (a) Supervise all activities that the Fund performs after a contract has been awarded in order to monitor and ensure compliance with the agreed terms and conditions;
- (b) Be the formal contact point between the Fund and the suppliers/contractors from award of the contract until the goods and/or services are accepted or completed, the contract is terminated and any disputes are resolved;
- (c) Ensure the proper verification, screening and registration of suppliers/contractors for institutional goods and services through vetting procedures, eligibility checks and occasional on-site visits;
- (d) Establish, manage and maintain adequate supplier and contract management systems and act as the physical/electronic repository of all contractual documents;
- (e) Provide necessary support to the user divisions for the efficient administration of the contracts, performance review meetings and variations, as well as for the definition of requirements and related service level agreements (SLAs);
- (f) Ensure, in coordination with the General Counsel, correct and timely implementation of contract variations; and
- (g) Provide general advice related to contractual matters and service performance, as needed, including drafting of standard documents.

I. Roles and responsibilities

1.1 The PS will be the final physical repository of the original signed contracts for the supply of goods and services.

1.2 To monitor Fund and suppliers/contractors' compliance with the terms and conditions of contracts for the delivery of quality goods and services to the Fund, the PS will:

- (a) Require suppliers/contractors to submit all documents it deems necessary prior to contract award and during contract performance;
- (b) Require user sections to evaluate and report on the quality of goods received and/or services rendered;
- (c) Recommend remedies available to user divisions in enforcing satisfactory performance of suppliers/contractors' obligations, in consultation with the General Counsel as necessary;
- (d) Regularly interact with the user divisions to ensure that the Fund correctly performs its own obligations under the contract;
- (e) Ensure that unsatisfactory performance of suppliers/contractors is timely tracked, addressed, recorded and duly considered for future procurements; and

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- (f) Monitor, in coordination with the user sections, the performance of the suppliers/contractors in accordance with the applicable SLAs.
- 1.3 Where the Fund intends to procure services that will be measured against one or several SLAs, the PS will ensure that the Work Performance Statement, draft SLA and other bidding documents are in line with the Fund requirements and that the performance indicators and levels to be monitored during the contract lifetime are adequately defined.
- 1.4 User divisions will:
- (a) Submit to the PS:
- (i) Monthly (or otherwise applicable) performance monitoring reports;
 - (ii) Periodic reports on suppliers/contractors' performance, unless otherwise provided for in the contract/SLA, every three months from the date of contract signature, up to nine months before expiration of contracts for renewable services expires, or three months before expiration of contracts for services that will not be renewed;
 - (iii) Final Performance Evaluation Report for suppliers/contractors six months before expiration of contracts considered for renewal or on expiration date of contracts that would not be renewed; and
 - (iv) Any other documents and/or information in support of any contractual action that the PS may take.
- (b) Notify suppliers/contractors in writing of any first-time potential or actual deviations from the terms of the contract, with copy to PS of said notice;
- (c) Immediately report to the PS continued deviations from contractual terms and conditions despite written notice in para. b) above has been served; and
- (d) Consult with the PS regarding serious performance issues that may constitute default or material breach of contract. The PS may refer these cases to the General Counsel for appropriate legal action, as necessary.

Appendix 4: Guidelines on Contracting of Spouses of Fund Staff

Close relatives of current Fund staff may not be contracted by the Fund as individual service providers or contractors, with the exception of spouses of Fund staff ('Spouses'). This Appendix sets forth the conditions and procedures to be observed in the contracting of Spouses as individual service providers or contractors.

Conditions and procedure

1.1 In all cases, the recruitment of a Spouse will be subject to a conflict of interest check. A Spouse may not be recruited as a service provider or contractor if it is determined that:

- (a) The services to be contracted are requested by a division in which his/her staff member Spouse is employed;
- (b) The staff member Spouse would be supervising the work of his/her Spouse in the context of rating performance and/or making rate increase recommendations;
- (c) The services to be contracted would be rendered for the benefit or end-use of the division in which his/her staff member Spouse is employed; or
- (d) The proposed service contract could be perceived to involve an actual or potential conflict of interest, or the appearance of such a conflict of interest, on the part of the Fund staff member's Spouse.

When a user division is in doubt about an actual or potential conflict of interest, or the appearance of such a conflict of interest, it will refer the matter to the General Counsel, who, after consultations with the Executive Director, will decide whether the procurement may proceed.

1.2 User divisions, when selecting the service provider, must not give the Spouse any preference by virtue of his/her relationship with a staff member. The user division should also confirm that the envisaged contract would not create any actual or potential conflict of interest, or the appearance of such a conflict of interest.

1.3 The PS will clear the initial engagement of Spouses as individual service providers or contractors, taking into account the same factors that are considered when the Fund engages former Fund staff as consultants.

1.4 Spouses who are interested in providing services to the Fund should disclose their relationship to the staff. Spouses interested in working for consulting firms or organizations as members of their teams should contact those consulting firms or organizations directly.

Appendix 5: Guidelines on External Gifts, Benefits, Favours or Recognition Given to Fund Personnel

Fund staff, including senior management, or their immediate family members as well as Fund consultants are prohibited from accepting gifts, benefits, favours, medals, decorations or similar honours from sources external to the Fund with respect to any Fund transaction. However, Fund staff or their immediate family members may accept such gifts, benefits, favours, medals, decorations or similar honours, when they find themselves in situations or circumstances that make it difficult to refuse or decline. The following procedures shall apply:

1. Benefits or Favours

For the purposes of these guidelines, 'benefits or favours' shall include, but not be limited to, invitations or gift vouchers for free meals, hotel accommodations, club membership, vacation, travel, rebates or specials, exclusive privileges and the like. Fund staff receiving any benefits, favours or invitations shall, as soon as possible, before or immediately after the event:

- 1.1 Prepare a memorandum declaring the following relevant information, among others:
 - (a) Nature and particulars of the benefit, favour or invitation;
 - (b) Name of the sponsoring entity, including persons extending the benefit, favour or invitation, their respective designation and contact particulars, if there are any;
 - (c) Whether the sponsor is related to or has any interest of whatever nature in any Fund-financed activity; and
 - (d) Circumstances that make it difficult, if not impossible, to refuse the benefit, favour or invitation.
- 1.2 Submit the memorandum to his/her appropriate director for approval or for directors to the Executive Director (ED).

2. Gifts

For the purposes of these guidelines, 'gifts' include, but are not limited to, works of art such as paintings, sculptures, murals, national costumes, tapestries and collectors' items; souvenirs and consumable items that deteriorate as a result of use (e.g. wines, liquors, beverages and other perishable food stuffs). These procedures shall apply to all gifts, with or without inscriptions.

- 2.1 Fund staff receiving any gift shall complete and sign a Gifts and Souvenirs Report and declare relevant information, including but not limited to those enumerated in (1) above, as may be applicable;
- 2.2 The gift with fully completed Gifts and Souvenirs Report shall be submitted to the PS;
- 2.3 Consumable items that easily perish or expire, such as wines, liquors, beverages and other perishable food stuffs, shall not be physically submitted. The Head of Procurement may return the consumable items to the recipient, raffle them among the staff of the Fund or dispose of the consumable items by other means as the Head of Administrative Operations may deem appropriate; and
- 2.4 Using the most appropriate and practicable means available, the Procurement Specialist (PS) shall assess the approximate market value of all gifts submitted, except the following:

(a) Gifts that may be considered works of art because of their aesthetic and artistic value (e.g. paintings, sculptures, murals, national costumes, tapestries and collectors' items, etc.). Works of art shall instead be registered as Fund property; and

(b) Perishable items that the PU decides to retain under the preceding paragraph.

2.5 Gifts determined to be worth less than US\$ 50 shall be returned to the concerned division, which shall decide the most appropriate way to dispose of the gift (i.e. by returning the item to the recipient, raffling it among staff in the Fund or other means deemed appropriate).

2.6 The PS shall auction gifts that are determined to be worth more than US\$ 50 amongst staff. Proceeds of the auction shall be donated to a charity to be chosen by the Fund.

3. Recognitions

For the purposes of these guidelines, 'recognitions' refer to honorific titles that may sometimes be represented by medals, awards, decorations, citations or similar items or honours given in recognition of work done by the Fund and/or Fund staff. The following procedures for handling recognitions shall apply:

3.1 The staff member concerned shall, as soon as possible before or after the event, submit a written statement with the relevant particulars, together with the item received (if any), through the PS to the ED, who will resolve the issue and decide on the matter.

3.2 The ED shall decide whether to announce internally the receipt of the medal, decoration or similar honour and the name of the staff awarded such honour.

3.3 The recognition item shall then be submitted to the PS with a completed Gifts and Souvenirs Report. The PS shall classify and handle submitted recognition items, as follows:

(a) Recognition items given to Fund staff with the name of a particular Fund staff and/or the name of a division inscribed on them. The PS shall return the item to the concerned division, which may decide to display the item in the division office, or return such item to the Fund staff whose name is inscribed on the recognition item;

(b) Recognition items given to the Fund as an institution with the name of the Fund inscribed on them. The PS shall register these recognition items as Fund property and display them; and/or

(c) Recognition items without inscription. The PS shall register these recognition items as Fund property and display them.

3.4 The preceding procedures in handling recognition items notwithstanding, the PS may decide to register as Fund property and display any recognition item or dispose of the item, if it is of value.
