

Procurement and Control Procedures for GCF-CBNRM Project in Timor-Leste

For the project implementation, JICA will procure a consulting firm, as an Operator, according to JICA's procurement procedure. The selected consulting company would hire local NGOs/technicians/and other human resources for ground activities. JICA Timor-Leste office can also hire personnel. Necessary goods (e.g. equipment and materials) can be procured by either the selected consulting firm or JICA Timor-Leste office depending on its price and efficiency. JICA regulates the procurement process and control measures for anti-corruption as a series of guidelines and manuals. These processes are summarized as follows.

1. Selection of a Consultant Firm by JICA HQs

1) Procurement Method

The procurement method of the "consulting service contract" will be QCBS (Quality- and Cost-based Selection), a method that takes into account the quality of the proposal and the cost of the services, which is as same as JICA's technical cooperation. One of the fundamental regulations of "consulting service contract" is stipulated in "Chapter 5. Contracts" of JICA Accounting Rules (see Annex: Accounting Rules of the Japan International Cooperation Agency).

2. Procurement of services and goods (equipment / material) and Control Procedures in Timor-Leste

Local procurement for services (including local NGOs / technicians / and other human resources) and goods are done by either the selected consulting firm or JICA Timor-Leste Office depending on its price and efficiency. The basic flow of local procurement is as follows.

2-1. Procurement by International consultant firm

1) Mode of Procurement and its Control Measures for Equipment / Material

	Pre-determined Price (Note 1)	Mode of Procurement	Necessity of contract document preparation	Control Measures
1	Less than 100,000 yen (=957 USD)	Confirmation of Quotation (otherwise, without quotation but need price survey in market)	Not necessary	<ul style="list-style-type: none"> ➤ Purchase authorization signed by Project Team Leader (or other designated Project member) necessary for disbursement. ➤ Report all purchase sheet (Authorization sheet and receipt) to JICA Timor-Leste and JICA HQ. JICA Timor-Leste disburse will follow.
2	From 100,000 yen (=957 USD) to 1,600,000 yen (=15,318 USD)	Comparison of Quotation (at least 2 quotations)	Not necessary	<ul style="list-style-type: none"> ➤ Purchase authorization signed by Project Team Leader (or other designated Project member) necessary for disbursement. ➤ Report all purchase sheet (Authorization sheet and receipt) to JICA Timor-Leste and JICA HQ. JICA Timor-Leste disburse will follow.
3	From 1,600,000 yen (=15,318 USD) to	(Limited or open)	Not Necessary	<ul style="list-style-type: none"> ➤ Official Competition Procedure required for procurement

	2,000,000 yen (=19,148 USD)	Competition of Quotation (Limited or open)		1) Call for competition (limited or open) 2) Reception and confirmation of quotation (all quotation at the same time)
4	From 2,000,000 yen (=19,148 USD) to 10,000,000 yen (=95,740 USD)	Competitive Bidding	Necessary	➤ Report of the result of competition to JICA Timor-Leste and JICA HQ required. JICA Timor-Leste disburse will follow.
5	Over 10,000,000 yen (=95,740 USD)	(Limited or open) Competitive Bidding	Necessary	➤ Official Bidding Procedure required for procurement 1) Call for bidding (limited or open) 2) Bid open session to be organized by Project team (JICA Timor-Leste will also participate to this session as observer) ➤ Report of the result of bidding to JICA Timor-Leste and JICA HQ required. JICA Timor-Leste disburse will follow.

Note1) 1 USD = 104.450 yen, for JICA Monthly Exchange Rate in November 2020. The exchange rate will change according to the date of payment and JICA's official Monthly Exchange Rate (Japanese yen will remain the same).

2) Mode of Procurement and its Control Measures for Subcontracting (Local Consultant, NGOs, etc)

	Pre-determined Price (Note 1)	Mode of Procurement (Depend on the character of contract) (Note 2)	Necessity of contract document preparation	Control Measures
1	Less than 1,000,000 yen (=9,574 USD)	A. Least Cost Selection B. Quality and Cost Based Selection C. Quality Based Selection D. Direct Contracting	Necessary	➤ Report of the result of competition / bidding to JICA Timor-Leste and JICA HQ required. ➤ Confirmation by JICA Timor-Leste office on the contents of contract with selected Subcontractor (Local consultant, NGOs, etc). Concluding contract with the JICA Timor-Leste will follow. ➤ Completion Report and invoice by Subcontractor (local consultant, NGOs, etc) need to be submitted to JICA Timor-Leste Office. JICA Timor-Leste disburse will follow.
2	From 1,000,000 yen (=9,574 USD) to 10,000,000 yen (=95,740 USD)	A. Least Cost Selection (Bidding or Competition) B. Quality and Cost Based Selection C. Quality Based Selection		
3	Over 10,000,000 yen (=95,740 USD)	A. Least Cost Selection (Bidding) B. Quality and Cost Based Selection C. Quality Based Selection		

Note1) 1 USD = 104.450 yen, for JICA Monthly Exchange Rate in November 2020. The exchange rate will change according to the date of payment and JICA's official Monthly Exchange Rate (Japanese yen will remain the same).

Note2) Mode <A. Least Cost Selection> is normally applied for Surveying or Boring contract which is possible to confirm the capacity of the company only to confirm the past contract record.

2-2. Procurement and Control Procedures in Timor-Leste by JICA Timor-Leste Office

1) Mode of Procurement and its Control Measures for Equipment / Material

	Pre-determined Price (Note 1)	Mode of Procurement	Necessity of contract document preparation	Control Measures
1	Less than 100,000 yen (=957USD)	Confirmation of Quotation (otherwise, without quotation but need price survey in market)	Not necessary	➤ Purchase authorization signed by Chief Representative (or other designated Japanese staff) necessary for disbursement.
2	From 100,000 yen (=957 USD) to 1,600,000 yen (=15,318 USD)	Comparison of Quotation (at least 2 quotations)	Not necessary	➤ Purchase authorization signed by Chief Representative (or other designated Japanese staff) necessary for disbursement.
3	From 1,600,000 yen (=15,318 USD) to 2,000,000 yen (=19,148 USD)	(Limited or open) Competition of Quotation (Limited or open)	Not Necessary	➤ Official Competition Procedure required for procurement 1) Call for competition (limited or open) 2) Reception and confirmation of quotation (all quotation at the same time) ➤ Result of competition to be shared with JICA Timor-Leste office and JICA HQ.
4	From 2,000,000 yen (=19,148 USD) to 10,000,000 yen (=95,740 USD)	Competitive Bidding	Necessary	
5	Over 10,000,000 yen (=95,740 USD)	(Limited or open) Competitive Bidding	Necessary	➤ Official Bidding Procedure required for procurement 1) Call for bidding (limited or open) 2) Bid open session to be organized by JICA Timor-Leste office ➤ Result of bidding to be shared with JICA HQ.

Note1) 1 USD = 104.450 yen, for JICA Monthly Exchange Rate in November 2020. The exchange rate will change according to the date of payment and JICA's official Monthly Exchange Rate (Japanese yen will remain the same).

3. Fraud and corruption preventive measures for Consultant and other JICA related persons

- JICA's measures for compliance and anti-corruption are published on JICA web-site (https://www.jica.go.jp/english/our_work/compliance/index.html) including "Anti-Corruption Policy Guide" (https://www.jica.go.jp/english/our_work/compliance/c8h0vm00009ulm1i-att/anti_corruption_guidance_en.pdf) (Please see especially article 5 <JICA's Measures against Fraud and Corruption> which is extracted below).

V JICA's Measures against Fraud and Corruption

1. Outline of JICA's Measures against Fraud and Corruption

As a means to respond to fraud and corruption ("Fraudulent Practices") that occur in relation to ODA implemented by JICA, JICA has established certain measures against persons or entities who are determined to have engaged in corrupt or fraudulent practices ("Measures"). Under the Measures, in the case where a person or an entity is found to have engaged in Fraudulent Practices in relation to an ODA-related contract (in this section, an "ODA-related contract" refers to two (2) kinds of contracts: (i) contracts to which JICA is a party and (ii) contracts for the procurement of equipment, facilities

and services conducted by a partner country or its executing agency as a part of an ODA project), that ODA-related contract will lose its eligibility for ODA support or funding, and the person or the entity will not be eligible to participate in any tender for ODA-related contracts for a certain period of time to be determined by JICA.

The enforcement of the Measures will cause a person or an entity to lose business opportunities in relation to ODA projects and suffer significant reputational damage as information regarding such enforcement of the Measures against such person or entity will be publicized on JICA's website.

Furthermore, where the Measures are enforced, not only is the person or the entity excluded from participating in bid tender procedures for ODA-related contracts, but also the country receiving ODA may be severely affected (for example, the ODA project to benefit such country may be suspended, the

country may be obliged to return any financial assistance received in relation to ODA project, etc.), and consequently it may become difficult for the country to implement the project.

JICA considers that the application of the Measures will serve to clarify JICA's stern attitude toward fraud and corruption in relation to ODA projects, which will consequently deter Fraudulent Practices.

- It also includes "JICA Rules on Measures to Suspend Eligibility for Participation in Tenders for Contracts (Provisional Translation)" (https://www.jica.go.jp/english/our_work/types_of_assistance/rule02.html), as a measure of preventing the corrupt or fraudulent practices in connecting with any of the contracts to which JICA is a party (Please see especially article 3 <Measures> which is extracted below).

Article 3 <Measures> of "JICA Rules on Measures to Suspend Eligibility for Participation in Tenders for Contracts (Provisional Translation)"

1. If a Person who desires to enter into a contract with JICA (i.e. a Person who has satisfied the conditions for participation as a result of the qualifications screening conducted by JICA pursuant to Article 3 of the Detailed Rules of General Contracts (Detailed Rules No. 8 (Proc) of 2003) or Article 3 of the Detailed Rules of Contracts on Consultants (Detailed Rules No. 9 (Proc) of 2003); hereinafter referred to as "Qualified Candidate") falls under any of the conditions listed in the Exhibit "Criteria for Measures" attached to these Rules, JICA shall impose Measures against the Qualified Candidate for a period commensurate to the circumstances in accordance with the Exhibit.
 2. JICA shall not allow the Qualified Candidate to participate in general tenders, limited tenders, proposal-based tenders, or any other tenders for contracts to be awarded by JICA during the period of Measures set forth in the preceding paragraph. If the Qualified Candidate under Measures has already been nominated as a participant to the tender for contract to be awarded by JICA, such nomination shall be canceled.
 3. JICA shall not approve any Qualified Candidate under Measures to become a subcontractor, guarantor or agent for any contract to be awarded by JICA.
 4. JICA shall not enter into a contract with any Qualified Candidate under Measures.
- JICA has Office of Audit, as an independent office, to ensure the internal control by conducting random missions in JICA operating countries.
 - Board of Audit of Japan also conducts random mission to JICA operating countries.

End

Annex: Accounting Rules of the Japan International Cooperation Agency (Tentative Translation)

Accounting Rules of the Japan International Cooperation Agency

(Rules (FA) No. 3 of March 9, 2006)

Amended by Rules (FA) No. 46 of December 12, 2011

Chapter 5. Contracts

Article 21. Contract Methods

When JICA intends to make a contract for sales, a lease contract, a lump sum contract or any other type of contract, it shall advertise and handle these through competitive bidding (hereinafter referred to as “Competitive Bidding”), except in cases where such a contract is made through a limited competitive bidding (hereinafter referred to as “Limited Competitive Bidding”) or is a negotiated contract (hereinafter referred to as “Negotiated Contract”) under Articles 22 and 23.

Article 22. Conditions for Limited Competitive Bidding

The Contract Officers (including Detached Contract Officers; the same shall apply hereinafter) may conduct Limited Competitive Bidding in the cases listed below:

- (i) The nature or purpose of the Contract is not suitable for Competitive Bidding;
- (ii) It is judged that Competitive Bidding would be disadvantageous to JICA;
- (iii) The predetermined price for construction or manufacturing does not exceed 5,000,000 yen;
- (iv) The predetermined price for property purchases does not exceed 3,000,000 yen;
- (v) The annual or total amount of the predetermined rent for a property does not exceed 1,600,000 yen;
- (vi) The predetermined price for property sales does not exceed 1,000,000 yen;
- (vii) The annual or total amount of the predetermined lease for a property does not exceed 500,000 yen;
- (viii) The predetermined price in a Contract other than those for construction and manufacturing, property sales and purchases, and property rents and leases does not exceed 2,000,000 yen.

Article 23. Conditions for Negotiated Contract

The Contract Officers may apply Negotiated Contracts to the cases listed below:

- (i) The nature or purpose of the Contract permits neither Competitive Bidding nor Limited Competitive Bidding;
- (ii) Neither Competitive Bidding nor Limited Competitive Bidding can be applied due to urgency;

- (iii) The Contract is made with a public office.
- (iv) The predetermined price for construction or manufacturing does not exceed 2,500,000 yen;
- (v) The predetermined price for property purchases does not exceed 1,600,000 yen;
- (vi) The annual or total amount of the predetermined rent for a property does not exceed 800,000 yen;
- (vii) The predetermined price for property sales does not exceed 500,000 yen;
- (viii) The annual or total amount of the predetermined lease for a property does not exceed 300,000 yen;
- (ix) The predetermined price in a Contract other than those for construction and manufacturing, property sales and purchases, and property rents and leases does not exceed 1,000,000 yen;
- (x) The actions of JICA need to be kept confidential;
- (xi) The other party in the Contract is determined based on the results of evaluations of technical proposals or other documents;
- (xii) It is estimated that the Contract can be concluded at a price that is extremely advantageous compared to the current market price;
- (xiii) It would be disadvantageous to have a Contract that is directly related to construction, manufacturing, or property purchases that is currently in progress executed by a person other than the one with whom the Contract for such work has already been concluded;
- (xiv) The subject of the Contract is the transportation or storage of goods;
- (xv) When the Contract is concluded in a foreign country;
- (xvi) There are no bidders in the Competitive Bidding or Limited Competitive Bidding nor is there a successful bidder after a re-bidding has been held, or the successful bidder does not conclude the Contract; or
- (xvii) There are special circumstances that would make Competitive Bidding or Limited Competitive Bidding disadvantageous to JICA.

Article 24. Collection of Quotations

- (1) When the Contract Officer intends to conclude a negotiated contract in accordance with the provisions of the preceding Article, quotations must be collected from at least two (2) persons whenever possible; provided, however, that in case of urgency or if the Contract Officer decides that it is not necessary to have two or more quotations, a quotation from one (1) person shall be sufficient.
- (2) The collection of quotations may be omitted for a Contract under which the contract amount does not exceed 100,000 yen or any other Contract for which is judged that quotations are not necessary according to customary practices.

Article 25. Predetermined Prices

- (1) When the Contract Officer intends to conclude a Contract, he or she shall establish predetermined prices in advance in accordance with the total amount of the Contract price, based on specifications, drawings, designs and other matters relating to the Contract; provided, however, that for Contracts involving manufacturing, repairs, machining, sales and purchases, supply, usage, etc. which will be continued for a certain period of time, the predetermined prices may be established in unit prices.
- (2) Notwithstanding the provision of the preceding paragraph, in cases where a negotiated contract is concluded, pursuant to terms stipulated separately, the estimation of predetermined prices from records and other documents specifying predetermined prices may be omitted.
- (3) The predetermined prices shall be established appropriately, taking into consideration the prices from actual cases, the supply and demand situation, the degree of difficulty involved in executing the work, the amount of the quantities, the length of the execution period, and other factors pertaining to the property or the service that serves as the purpose of the Contract.

Article 26. Preparation of Contracts

The Contract Officer shall prepare a contract document when he or she intends to conclude a Contract; provided, however, that in cases where any of the following items apply, the preparation of the Contract may be omitted and the documents that clarify the facts of the Contract such as the acknowledgements of orders, quotations, or invoices may serve as a substitute:

- (i) When the Contract amount does not exceed 2,000,000 yen;
- (ii) When an auction is conducted;
- (iii) When a property is being sold and the bargainer immediately makes the payment and takes over the property;
- (iv) When the Contract Officer specially deems it unnecessary to prepare a contract document in terms of business practices.

Article 27. Items to be Listed in Contracts

Any Contract stipulated in the preceding Article shall contain the necessary matters among those listed below, in accordance with the nature and purpose of such a Contract:

- (i) Subject and goods;
- (ii) Contract date;
- (iii) Quantities, units and unit prices;
- (iv) Monetary amount of the Contract;
- (v) Execution term or period
- (vi) Place of delivery

- (vii) Contract bond (including attribution thereof);
- (viii) Prepayment;
- (ix) Term and method of payment/receipt of the Contract amount;
- (x) Supervision or inspection of the execution;
- (xi) Penalties;
- (xii) Late charges;
- (xiii) Termination of the Contract;
- (xiv) Risk of Losses;
- (xv) Indemnities in the event of a change in the substance of the Contract or discontinuation of the Contract;
- (xvi) Liability for defects warranty;
- (xvii) Cession of obligation and the delegation of performance;
- (xviii) Offsetting;
- (xix) Method of dispute settlement;
- (xx) Attribution of copyrights and proprietary rights of deliverables and materials;
- (xxi) Liability for damage incurred by third parties;
- (xxii) Publication of the Contract
- (xxiii) Other necessary items.

Article 28. Bond

- (1) The Contract Officer must collect a bidding bond from any persons who intend to enter the Competitive Bidding or Limited Competitive Bidding, and a contract bond in the form of cash or government bonds from any persons who conclude a Contract; provided, however, that in cases where it is judged that a bond is not necessary, the bidding bond or contract bond may be partially or entirely exempted.
- (2) Secure collateral may be provided in lieu of payment of the bond described in the preceding paragraph.
- (3) The bidding bond or contract bond set forth in paragraph (1) hereof shall be attributed to JICA in the event that the successful bidder does not conclude the Contract or another party to the Contract does not execute the obligations of the Contract for reasons attributable to this party.

Article 29. Supervision and Inspection

- (1) If a lump sum contract concerning construction, manufacturing or other work has been concluded, the Contract Officer shall exercise, or have their Assistant Officer exercise, the supervision that is necessary to ensure the proper execution of the Contract.
- (2) With regard to the lump sum contracts stipulated in the preceding paragraph or property purchase contracts or other contracts, the Contract Officer shall exercise, or have their Assistant Officer exercise, the inspection that is necessary to confirm the completion of delivery of the commodities or services being provided (including, when costs are partially paid prior to the complete provision of such commodities or services, the inspection to confirm the portion of construction or manufacturing that has already been completed or the portion of the commodities that has already been delivered).
- (3) The Contract Officer may omit part of the supervision stipulated in paragraph (1) or the inspection stipulated in paragraph (2) hereof if he or she deems it to be not particularly necessary in consideration of the nature or content of the Contract.
- (4) The President may, as required by particular circumstances, have a member of staff other than the Contract Officer and the Assistant Officer who are involved in the relevant Contract exercise the supervision stipulated in paragraph (1) and the inspection stipulated in paragraph (2) hereof, pursuant to terms stipulated separately.
- (5) The Contract Officer may, as required by particular circumstances, consign the supervision stipulated in paragraph (1) or the inspection stipulated in paragraph (2) hereof to a person other than a staff member of JICA.

Article 30. Preparation of Inspection Records

- (1) When an inspection has been completed, the Contract Officer, the Assistant Officer instructed by the Contract Officer to carry out the inspection or a member of staff instructed by the President to carry out the inspection (hereinafter referred to as the “inspection staff”) shall prepare an inspection record; provided, however, that such preparation may be omitted if otherwise stipulated.
- (2) When an inspection record is not prepared pursuant to the provision of the preceding paragraph, it shall be clearly indicated that the delivery was received, by the inspection staff impressing their seal of acceptance on the delivery sheet or the invoice after confirmation that delivery of the commodities or services has been completed.
- (3) Payment shall not be made unless it is based on the inspection record stipulated in paragraph (1) or the impression of the seal of acceptance stipulated in the preceding paragraph hereof.

Article 31. Limit to the Amount of Partial Payment

With respect to the portion of execution that has already been completed concerning a construction, manufacturing, or other lump sum contract, or the portion of commodities and services that has already been delivered concerning a property purchase contract, when a portion of the costs needs to be paid prior to the completion of such execution or delivery, the Contract Officer may not pay an amount exceeding nine-tenths (9/10) of the costs for the completed portion in the case of a construction, manufacturing, or other lump sum contract, or an amount exceeding the costs for the portion already delivered in the case of a property purchase contract; provided, however, that with respect to a construction, manufacturing, or other lump sum contract that is separable in nature, the Contract Officer may make full payment of the costs for the completed portion.

Article 32. Delegation to Other Provisions

Rules of contracts concerning loans and investment in development and emigration projects as well as land allotment in settlement projects may be stipulated separately, as needed.

End