



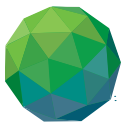
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Information Note on the Administrative Guidelines on Procurement

GCF/BM-2015/Inf.07

29 May 2015

For information between meetings



Recommended action by the Board

It is recommended that the Board:

Take note of the information presented in document GCF/BM-2015/Inf.07
Information Note on the Administrative Guidelines on Procurement.

Information Note on the Administrative Guidelines on Procurement

I. Introduction

1. The Board, at its eighth meeting on 14–17 October 2014 in Bridgetown, Barbados, having considered document GCF/B.08/31 *Administrative Guidelines on Procurement*:
 - (a) Approved the Administrative Guidelines on Procurement for a period to last until the third meeting of the Board of 2015;
 - (b) Requested the Secretariat to seek further written comments from the Board on the guidelines until the end of 2014; and
 - (c) Also requested the Secretariat to present, at the second meeting of the Board of 2015, an information note with the changes to be incorporated into the guidelines on the basis of the comments from the Board.
2. This document presents a compilation of comments made by the Board on the guidelines as received by the Secretariat from 28 October to 31 December 2014 and the corresponding responses of the Secretariat. By 31 December 2014, the Secretariat received comments from one member of the Board.
3. A revised version of this document, including the relevant changes proposed by the members of the Board, will be presented at the last meeting of the Board in 2015.

II. Comments received by the Board and the Secretariat's responses

2.1 On the title of document

Board comment:

“It would be helpful to clarify up front that these procurement guidelines are for the GCF itself as a legal entity, and not for GCF-financed activities. We suggest changing the title to ‘Administrative Guidelines on Corporate Procurement’ (or something similar).”

Secretariat response:

The Secretariat agrees and will change the title of the guidelines to ‘Administrative Guidelines on Corporate Procurement’.

2.2 On Annex II (consulting procurement) Section 2.1, C (particular types of consultant), paragraph (c)

Board comment:

“It is unclear why the United Nations and other similar specialized agencies would be hired as consultants. Please explain under what circumstances you would hire UN or other specialized agency as a consultant to the GCF and why they would not be subject to QCBS. Please also provide the Board with information on whether it is common practice for one international body to hire another international body to provide consulting services and examples of such arrangements. You may also wish to elaborate on how such arrangements would be different

than using the agency to deliver GCF programs and whether such agencies would be subject to the Conflict of Interest provisions in Section D of Annex II. We are not familiar with a trust fund like GCF hiring international agencies as consultants.”

Secretariat response:

The United Nations and its specialized agencies are used as consultants by many international financial institutions (IFIs), such as the World Bank, the Asian Development Bank (ADB), the African Development Bank (AfDB) and the Inter-American Development Bank (IDB). (Please, see below.)

United Nations agencies are hired as consultants where they have the required experience and expertise to provide technical assistance and advice and a competitive advantage over other potential suppliers.

The reason why United Nations agencies are not subject to quality and cost based selection (QCBS) is to take into account the privileges of United Nations agencies, as well as other advantages such as tax exemptions and facilities, and special payment provisions.

Please, find examples below of when IFIs have hired United Nations agencies as consultants:

United Nations Agency	Description of the consultancy	International financial institution award of consultancy
World Health Organization and its regional branch, Pan American Health Organization	Provide technical expertise in the preparation of loans in operations of the health sector, specifically, in hospital engineering	World Bank
Joint United Nations Programme on HIV/AIDS	Design of programmes in the fight against HIV/AIDS	World Bank
International Labor Organization	Preparation of loan operations in the new sector of the training and certification of workers, pensions and safety networks	World Bank
Food and Agriculture Organization of the United Nations	Design and supervision of fishing/fisheries programmes and the fight against cattle brucellosis	World Bank
United Nations Mine Action Service	Provision of advice on World Bank site visits at the onset of reconstruction in the Balkans	World Bank
United Nations Office for Project Services	Analysis of the main problems and deficiencies that need to be addressed in the projects’ design in order to ensure a fluid execution of infrastructure projects in small countries, and the proposal of recommendations to improve their design and execution	Inter-American Development Bank

2.3 On Annex II (consulting procurement) Section 2.1, C (particular types of consultant), paragraph (d)

Board comment:

“As with paragraph (c), there may be concern about NGOs receiving different treatment than other bidders. We suggest clarifying why, in a consulting setting, any NGO would receive different treatment from a business or individual that is also competing for a consulting contract. Further, please clarify how an NGO will be defined and how the GCF will verify the designation of an organization as an NGO versus a business.”

Secretariat response:

It is normal practice in the selection of consultants to apply a different treatment to non-governmental organizations (NGOs) as they are not-for-profit organizations so they may not be able to compete on the same basis as profit-making organizations. Other international organizations, such as ADB, the International Bank for Reconstruction and Development, IDB and AfDB, in sections covering the selection of consultants in their corporate procurement guidelines, have established objective grounds to treat NGOs differently to business firms. Using the QCBS method to combine a shortlist of NGOs and business firms certainly put business firms in a non-favourable position, and did not result in the equal treatment of consultants. If NGOs are to compete with business firms, the QBS method should be used. If the shortlist is entirely comprised by NGOs, then QCBS should be used.

The process with regard to the recruitment of particular types of consultant established in document GCF/B.08/31, Annex II, Section 2.1, C, paragraph (d), is based on the ADB guidelines.

In terms of definition, NGOs is a broad term encompassing a wide array of diverse organizations.

The World Bank defines NGOs as “private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development”.

Whereas, the United Nations Rule of Law defines NGOs as follows: “A non-governmental organization (NGO, also often referred to as ‘civil society organization’ or CSO) is a not-for-profit group, principally independent from government, which is organized on a local, national or international level to address issues in support of the public good. Task-oriented and made up of people with a common interest, NGOs perform a variety of services and humanitarian functions, bring public concerns to governments, monitor policy and programme implementation, and encourage participation of civil society stakeholders at the community level. Some are organized around specific issues, such as human rights”.

The GCF will distinguish an NGO versus a business firm according to the legal status and registration in the country of origin of the entities in question.

2.4 On Appendix IV: Guidelines on Contracting of Spouses of Fund Staff

Board comment:

“It could be useful to clarify whether this applies to all GCF staff or just internationally hired staff.”

Secretariat response:

The Guidelines on Contracting of Spouses of Fund Staff as contained in Appendix IV to document GCF/B.08/31 applies to spouses of all Fund staff.

2.5 On Appendix 5: Benefits or Favours

Board comment:

“We suggest this section requires significant attention. Some key points:

- Permitting reporting of gifts/benefits/favors/recognition after accepting them is vulnerable to abuse. We suggest setting the standard that they should be declined when possible, reported before being accepted or turned over to the GCF immediately after acceptance depending on the circumstances.
- Additionally, the standard that gifts/benefits/favors can be accepted when it is ‘difficult to refuse or decline’ is also open to abuse. We suggest providing more complete guidance on what extreme circumstances would be required for any GCF employee to accept gifts/benefits/favors.
- We know of no reason why the family member of a GCF employee should be permitted to accept a gift on behalf of the GCF. We suggest that GCF employees be required to report any gifts given to family members immediately.
- We also suggest that the presumption be that gifts become GCF property unless staff wish to pay the market value for them.
- The proposal for staff auctions seems like a time consuming distraction from PS duties and we encourage the GCF to find a more efficient way to dispose of gifts.”

Secretariat response:

The Secretariat agrees with the key points raised and will reflect in the procurement guidelines the procedures as set out in document GCF/B.08/26 *Administrative Guideline on Human Resources* under section B (Human Resources Policy Statement); and section I (Human Resources Policies and Duties, Rights and Responsibilities of Staff Members), 4.9, paragraph (g), Prohibition of Benefit from the Fund’s Transactions.
