

PROCUREMENT RULES

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Chapter 1. Introduction

1.1 Purpose

The purpose of these Procurement Rules of the Global Green Growth Institute (hereinafter “GGGI”) is to govern the activities of the GGGI carried out for procuring goods, works and services. A detailed Procurement Policies and Procedures Manual, governed by these Procurement Rules, shall be promulgated after approval from the Director-General.

These Procurement Rules shall be read in conjunction with the GGGI Delegation of Authorities (“DoA”) Manual. In case of any discrepancies between the two documents, the Procurement Rules shall prevail.

1.2 Principles

The following principles shall be given due consideration for all GGGI procurement activities:

- a. Ethics
- b. Accountability
- c. Competition
- d. Fairness
- e. Transparency
- f. Efficiency, effectiveness and economy
- g. Value for money

1.3 Definitions

For the purpose of these Procurement Rules, the following definitions shall apply:

- a. **“Procurement Officer”** - The person responsible for undertaking all procurement-related activities within the GGGI.
- b. **“Supplier”** - An entity or individual that is responsible for providing goods or services to the GGGI.
- c. **“Technical Bid”** - The section of the proposal submitted by a Supplier that includes technical specifications as required by the RFP (as defined below in j.).
- d. **“Commercial Bid”** - The section of the proposal submitted by a Supplier that includes the commercial/financial aspects of the Contract (as defined below in f.) including bid validity, payment terms, etc.

- e. **“Evaluation”** - Evaluation is the process of assessing and comparing offers in accordance with the evaluation methodology stated in the solicitation documents in order to determine which offer best complies with the defined evaluation criteria, and thus, represents the best value for the GGGI.
- f. **“Contract”** - Legally binding and enforceable agreement, undertaking or commitment, or license creating a legal obligation and which is signed on behalf of the GGGI by an official having the legal authority to do so, and includes agreements concluded with Suppliers and institutional contractors, including consultants.
- g. **“Purchase Order”** means Contracts, generally used for the acquisitions of goods, which set out the type and quantity of goods required and the terms and conditions of the purchase.
- h. **“Cumulative Analysis Methodology”** - Method of evaluation of proposals where a total score is obtained upon the combination of weighted technical and financial attributes of proposals. The Suppliers’ bids are evaluated and points granted based on the offer’s adherence to the criteria defined in the solicitation documents.
- i. **“RFQ” or “Request For Quotation”** - Method of solicitation commonly used for low-value procurement.
- j. **“RFP” or “Request For Proposal”** – Method of solicitation used in competitive procurement of high-value, complex goods, design or other works or services where the inputs and/or outputs cannot be quantitatively and qualitatively determined.
- k. **“DoA” or “Delegation of Authorities”** - The GGGI internal system that sets out the decision-making responsibilities within the GGGI.
- l. **“Ethics”** - Ethics is the discipline relating to right and wrong, moral duty and obligation, moral principles and values, and to moral character.
- m. **“Corrupt practice”** means the offering, giving, receiving, or soliciting directly or indirectly of anything of value to influence improperly the actions of another party.
- n. **“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.
- o. **“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.
- p. **“Collusive practice”** means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
- q. **“Formal criteria”** means the criteria to be met by all Suppliers in order for their quotations or proposals to be considered for a technical and commercial evaluation by the GGGI. Examples include (applicable if included in solicitation documents)

registration documents, bid security, price schedules, separate technical and commercial bid submission, seal or signature affixed by bidders.

- r. **“Separate”** means that the Suppliers must (i) all have separate ownership, (ii) not have any affiliation, connection, association or attachment with each other that may be deemed to compromise the principle of competition, and (iii) have no common shareholders or directors.

1.4 Applicability of Rules

The Procurement Rules apply to all actions necessary for the acquisition, by purchase, lease, or any other appropriate means, of property, including moveable goods and real property, and for the acquisition of services, including consulting and non-consulting services, and construction works at the GGGI Headquarters, Satellite Offices, In-country Operations or under any project that is financed by the GGGI.

For the purposes of the present Procurement Rules, procurement shall not be deemed to refer to the acquisition of services provided under employment contracts.

The scope of the Procurement Rules is limited to commercial activities, and does not include inter-agency agreements, grants, public-private sector partnerships and memoranda of understanding (“MoUs”) with other entities. However, whenever financial liabilities are expected to arise as a result of MoUs, these MoUs should be governed by the principles set out in the Procurement Rules.

Some GGGI projects may involve co-financing with cooperating institutions, some of which have their own procurement guidelines. Where a cooperating institution with established guidelines assumes responsibility for project administration and supervision on behalf of the GGGI, then that institution’s own procurement guidelines may be followed for the procurement activities of the co-financed project, provided those institutions carry out their procurement activities in accordance with procurement rules and principles that are consistent with the rules and principles of the GGGI’s. The GGGI Procurement Rules shall be followed for all projects administered by cooperating institutions that do not have their own procurement guidelines or for all projects directly supervised by the GGGI.

When a Supplier enters into any sub-contracts in the course of carrying out the project, the Supplier shall seek prior approval of the GGGI and inform the GGGI of its own procurement plan and procedures. When the GGGI deems that the Supplier’s own procurement plan or procedures are inadequate, the GGGI will require the Supplier to adopt the procedures outlined in these Procurement Rules.

1.5 Professional Ethics

The GGGI shall seek to treat all Suppliers in a fair and equal manner in accordance with the

principles of fairness, integrity and transparency.

Nothing should prevent Suppliers from competing for the GGGI business on a fair, equal and transparent basis. Procurement staff members, therefore, are responsible for preserving the integrity of the procurement process and maintaining fairness in the GGGI's treatment of all Suppliers.

All GGGI personnel, and others, involved in the procurement process on behalf of the GGGI shall abide by the following standard of conduct:

- During the pre-solicitation phase, no one must allow Suppliers any access to specific, privileged information on a particular acquisition before such information is available to the business community at large.
- During the solicitation phase, all Suppliers must receive identical information. Any clarifications to the solicitation documents must be provided at approximately the same time, in writing, to all Suppliers.
- Specifications should be linked to function. They should not include conditions limiting competition (e.g. branding), nor be unnecessarily restrictive, to the extent that it discourages competition.
- Individuals with a personal or financial interest in a Supplier responding to a solicitation are prohibited from any involvement in the relevant procurement process.
- During the evaluation process, the evaluation criteria specified in the solicitation documents shall be applied in the same manner to each offer being evaluated.
- Any procurement personnel who is or should reasonably be aware that he or she has a conflict of interest or potential conflict of interest should immediately remove himself/herself from the relevant procurement process.

1.6 Fraud and Corruption, GGGI's Review

It is the GGGI's policy to require that Suppliers under the GGGI's Contracts observe the highest standard of Ethics during the procurement and execution of such Contracts.

The GGGI may reject a proposal for award, cancel an award or debar a Supplier if at any time it determines that the Supplier has, directly or through an agent, engaged in coercive, collusive, corrupt or fraudulent practices in competing for, or in executing, a Contract.

The GGGI shall be entitled to requiring Suppliers to permit the GGGI to inspect their accounts and records and other documents relating to the bid submission and Contract performance and to have them reviewed prior to entering into a Contract with the GGGI.

Chapter 2. Procurement Actions

2.1 Selection of procurement method, solicitation documents, evaluation methodology and Contract type

Procurement method, solicitation documents, evaluation methodology and Contract type for all procurement activities will be determined by the criteria (financial thresholds or other criteria) defined for goods and services in the table below.

Criteria		Procurement Method and Solicitation Documents	Description and Objective of Procurement Method	Evaluation Methodology	Contract-type
Goods*	Services*				
Critical goods or services that require or are provided by many eligible Suppliers, and the GGGI does not have adequate experience tendering in these areas		RFP – Open Competitive Bidding (OCB)	<ul style="list-style-type: none"> The objective of OCB is to provide all eligible prospective bidders with timely and adequate notification and an equal opportunity to bid for the required goods, works and services. Bids validly made by three or more Separate Suppliers shall constitute an effective OCB. 	<ul style="list-style-type: none"> Separate Technical and Commercial Bids Technical Evaluation completed before Commercial Bids opened and evaluated Cumulative Analysis Methodology Contract Review Committee (CRC)'s recommendation required prior to approval as per DoA 	<ul style="list-style-type: none"> Contract, signed as per DoA
Greater than USD 150,000	Greater than USD 75,000				
Limited number of Suppliers for goods or services and/or the GGGI has experience working with several of these Suppliers		RFP – Limited Competitive Bidding (LCB)	<ul style="list-style-type: none"> Tendering using direct invitations without advertisement. There are a limited number of Suppliers who are able to provide goods or services. Bids validly made by three or more Separate Suppliers shall constitute an effective LCB. 	<ul style="list-style-type: none"> Separate Technical and Commercial Bids Technical Evaluation completed before Commercial Bids opened and evaluated Cumulative Analysis Methodology CRC recommendation required prior to approval as per DoA 	<ul style="list-style-type: none"> Contract, signed as per DoA
Greater than USD 150,000	Greater than USD 75,000				
Between USD 5,001 and USD 150,000	Between USD 5,001 and USD 75,000	RFQ	<ul style="list-style-type: none"> Price quotations from at least three Separate Suppliers to ensure competitive prices. Appropriate for readily available, off-the-shelf goods or standard specification goods/services that are small in value. 	<ul style="list-style-type: none"> Technical and Commercial Evaluation done by separate teams, simultaneously Lowest-priced, technically compliant offer is selected. Approval as per DoA 	<ul style="list-style-type: none"> Purchase Order ("PO") acceptable but Contract may be developed. Signed as per DoA
Up to USD 5,000		Minor Purchase	<ul style="list-style-type: none"> Minor Purchase/ Off-Shelf Purchase. 	<ul style="list-style-type: none"> Verbal price comparison to be documented. Lowest- priced offer is selected. Approval as per DoA 	<ul style="list-style-type: none"> PO signed as per DoA
Detailed criteria outlined in paragraph 2.2		Direct Contract (Single-source)	<ul style="list-style-type: none"> Contracting without competition (single-source) required for specified circumstances 	<ul style="list-style-type: none"> Any request for direct contracting must be accompanied by a sufficiently detailed justification CRC recommendation required prior to Director-General's Approval 	<ul style="list-style-type: none"> Contract required above USD 150,000 for Goods/ USD 75,000 for Services, below which PO acceptable. Signed as per DoA

* In case of combined procurement of goods and services, the lower thresholds for Services shall apply.

2.2 Direct Contract

Direct contract is contracting without competition (single source) and may be an appropriate method under any of the following circumstances:

- a. After two announcements of a competitive bidding, only one Supplier has made a bid, no Supplier has made a bid, or no bid has met the requirements of the bidding notice. Notwithstanding the provision of this paragraph, only one bidder after two bidding processes does not automatically win the single-source selection;
- b. The required goods or service are proprietary and obtainable from one source only;
- c. In case of a project that has been executed for more than one fiscal year or stage, if the competitively selected contracting party has successfully completed the project for the preceding year or stage, the single source selection method may be used for the project of the following year or stage;
- d. Due to the urgency of the project, the subject item may not be procured by means of the competitive bidding. In this case, the term of the project shall be less than three months. Notwithstanding the above, this subparagraph shall not apply to projects that are urgent due to poor planning of requirements;
- e. Organizations which have official cooperative relationship with the GGGI based on a MoU may be the party of a single-source selection for specific projects according to the goal and scope of the MoU;
- f. The subject item is procured to replace parts or components or to expand facilities which were procured already from the considered Supplier (only in case the item is incompatible with products manufactured by other Suppliers);
- g. The partner governments or the international organizations designate a specific product of a certain brand or Supplier;
- h. Where specialized knowledge intensive research work from an academic or non-profit research institution is required;
- i. An existing contract for goods or works, awarded in accordance with procedures acceptable to the GGGI, may be extended for additional goods or works of a similar nature to a maximum of 20 per cent of the original Contract value, with the prior approval as per DoA, provided that no advantage can be reasonably obtained by further competition and that the prices on the extended Contract are reasonable. Provision for such an extension, if considered likely in advance, shall be included in the original Contract; or
- j. In exceptional or emergency cases, such as in response to a natural disaster, conflict and post conflict, or in countries where there are restrictions to free markets and enterprises.

2.3 Nullification of Bids

Any bid that failed to meet the formal criteria mentioned in the solicitation documents shall be rejected.

2.4 Language

All documentation regarding bidding shall be in English.

2.5 Currency

In principle, USD is the bid currency to be used.

2.6 Bid Opening Procedure

The official bid opening shall be conducted at such place and time/date as specified in the bidding notice, and such opening of tenders may be attended by bidders or their representatives who intend to do so. In such a case, the GGGI's officer responsible for conducting such bidding may request each of those intending to attend the opening of tenders to present his/her identification and certificate for registration as a bidder. In cases of separate commercial and technical bids, the evaluation of technical bids should be done prior to the opening of commercial bids.

2.7 Conditions of Contract

The Contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the GGGI and of the Supplier, the final deliverables of the Contract and supplementary documents including financial reports and proof of spending. All participating bidders shall be aware of the general and special conditions particular to the Contract of the projects listed in the bidding documentation. The successful bidder shall not be allowed to alter the material terms of the Contract. Those bidders who could not abide by the terms of the Contract are allowed to request for the change of the terms or obligations by written request.

2.8 Bid Security

The GGGI may require a bid security whenever it is deemed appropriate to do so. If the successful bidder fails to enter into the Contract within the prescribed period of time found in the instruction to bidders, the bid security deposited by the bidder shall not be returned.

If advance payments are requested by a Supplier on appointment, then a performance guarantee shall be obtained unless waived by the Director-General's approval.

2.9 Evaluation of Bids

The bid evaluation shall differ based on the methodology used.

1. *Lowest priced compliant offer methodology*

This method of evaluation shall be used for the evaluation of goods and simple works or services, where:

- a. Requirements are clear;
- b. Compliance is easy to determine; and,
- c. Price/cost is the overriding evaluation criterion.

2. *Cumulative analysis methodology*

This method shall require a two-envelope procedure where Suppliers are requested to submit their technical and commercial offers separately in two sealed envelopes. The evaluation of the technical offers, based on the defined technical evaluation criteria shall be completed prior to the opening and evaluation of the commercial offer.

The commercial offer shall be opened only for those offers whose scores in the technical evaluation meet or exceed the stated threshold. For those offers where the technical proposal does not reach the minimum specified score, the corresponding commercial offer is not eligible for further consideration.

The evaluation team shall use a standard evaluation criteria matrix during the bid evaluation process. The criteria relevant for the particular procurement shall be defined by the evaluation team and incorporated into the solicitation documents together with information about the weights assigned to the technical and commercial aspects of the proposal. The criteria which are not relevant shall be given a zero/maximum weight, as appropriate. The total number of points available for the technical proposal is normally higher than the total number of points available for the commercial proposal.

The maximum number of points assigned to the commercial proposal shall be allocated to the lowest priced proposal. All other commercial proposals shall receive points in inverse proportion according to the following formula:

$$p = y * \mu / z$$

where:

p = points for the commercial proposal being evaluated.

y = maximum number of points for the commercial proposal.

μ = price of the lowest priced proposal.

z = price of the proposal being evaluated.

The proposal obtaining the overall highest score after adding the score of the technical proposal and the commercial proposal should be the proposal that offers best value for money.

2.10 Rejection of All Bids

Rejection of all bids is justified where there is lack of effective competition, or where bids are substantially non-responsive or nullified. If all bids are rejected, the GGGI shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination thereof, before inviting new bids.

If the rejection of all bids is due to lack of effective competition, wider advertising shall be considered. If the rejection is due to most or all of the bids being non-responsive, new bids may be invited from the initially pre-qualified Suppliers.

All bids shall not be rejected solely for the purpose of obtaining lower prices. If the lowest evaluated responsive bid exceeds the GGGI's pre-bid cost estimates by a substantial margin, the GGGI shall investigate causes for the excessive cost and consider requesting new bids as described in the previous paragraphs. Alternatively, the GGGI may negotiate with the lowest evaluated bidder to obtain a satisfactory contract by reducing the scope and/or reallocating the risk and responsibility that can be reflected in a reduction of the contract price. However, substantial reduction in the scope or modification to the contract documents may require re-bidding.

2.11 Final Procurement Approval

The Director-General shall be the final approver of all procurement actions, before the GGGI enters into a Contract with a Supplier. The Director-General may delegate its authority to issue final approval for procurement actions up to a certain threshold, and such delegations shall be documented in a DoA Manual. Further, for waiver of Competitive Bidding above USD 5,000, i.e. Direct Contract (Single-source), the Contract Review Committee's recommendation and approval by the Director-General shall be required at all times.

2.12 Award of Contract

After the announcement of the bid evaluation result, the first ranked bidder shall submit to the GGGI the documents required for Contract award. Within the prescribed period of time found in the instruction to bidders, the first ranked bidder shall finalize the terms and details of the Contract with the GGGI and execute the Contract. If the first ranked bidder fails to enter into the Contract within the prescribed period of time found in the instruction to bidders, the GGGI may negotiate with and enter into the Contract with the second ranked bidder.

In the course of executing the Contract, material deviation from the standard Contract the GGGI has provided in the bidding documents shall not occur. The Contract shall be final when the successful bidder and the GGGI's contracting officer (as per DoA) affix their respective seal or signature to the Contract.

2.13 Prohibition on Splitting Estimated Procurement Amount

Activities must not be unjustifiably separated into smaller activities just to avoid using the specified procurement method, solicitation documents, evaluation methodology and Contract type defined by the financial thresholds in paragraph 2.1.

2.14 Accumulation of Low Value Procurement Activities

Where low value procurement activities are grouped together under one tender for purposes of achieving economies of scale, the total cumulative estimated amount of the tender should be used to determine the procurement method, solicitation documents, evaluation methodology and Contract type.

Chapter 3. Evaluation Committees and Conflict of Interest

3.1 Conflict of Interest

All members of any of the committees, involved in the procurement process, shall declare their conflict of interest, if any, and ask to be removed from the committee and procurement process. Any noticeable discrepancies, drastic scoring differences, suspected fraudulent activity, or other improper actions during the bidding process or improper discussions with Suppliers before award will be investigated. Any individual suspected of attempting to favour one Supplier or proposal in a manner inconsistent with the evaluation guidance/criteria may face administrative action up to and including termination. The Supplier so involved may be removed from inclusion on future bidders lists or may have its tender cancelled.

3.2 Procurement Officer

The GGGI shall designate a Procurement Officer who shall be responsible for all procurement activities under the supervision of the CFO. The Procurement Officer will be responsible for annual procurement planning, all the processes relating to preparation and management of bidding process, including reporting and performing secretarial activities to the Contract Review Committee and supplier relationship management.

3.3 Contract Review Committee

The Contract Review Committee shall evaluate any high-value, critical or complex procurement proposals submitted to the GGGI.

3.4 Composition and Role of the Contract Review Committee

The Contract Review Committee shall be chaired by the CFO and will consist of at least two other permanent members, and their alternates, appointed by the Director-General.

The Committee shall conduct the following tasks for all high-value, complex or critical procurement:

- a. To ensure that proposed procurement actions are based, inter alia, on compliancy, fairness, integrity and transparency, and, as such, are impartial;
- b. To examine and provide general advice regarding the financial, commercial, operational implications of any proposed procurement action, comment where appropriate as to whether, in its view, the proposed action, inter alia, is in the best interest of the GGGI, and advise whether the proposed procurement case is appropriate;
- c. To evaluate and review the adequacy or necessity of the requirement being met under the proposed procurement action related to the selection of bidder and award of Contract; and
- d. To make a final procurement recommendation to the Director-General to approve bidding process and Supplier selection.

3.5 Composition of the Technical Committee

The formulation of an evaluation team shall be based on the nature, value and complexity of the goods/services being procured. The team shall consist of not less than three members:

- a. At least two from the End User Department (Department Head and member(s) nominated by Department Head).
- b. Nominees from other departments, such as Finance and Legal may be involved on a case-by-case basis.
- c. In particularly complex procurement processes, external experts or consultants/advisors may be contracted to assist in the evaluation process as one of the team members.

3.6 Composition of the Financial Committee

The Financial Committee will consist of at least two members including the Procurement Officer and an independent member from teams or departments not related to the procured case or project. The Procurement Officer will lead the Financial Committee.

3.7 Segregation of Duties

The Technical Committee and the Financial Committee must be fully independent and their duties shall be strictly segregated from each other in a given procurement case. No member of the Technical Committee or Financial Committee will participate as a member of the Contract Review Committee evaluating the procurement transaction.

Chapter 4. Supplementary Clauses

4.1 Effective Date

These Procurement Rules shall take effect from 18 January 2013.

4.2 Interim Measures

Existing contracts and ongoing tenders, made and prepared under the previous Procurement Rules, Policies or Procedures, should be reviewed and aligned to the current Procurement Rules wherever possible and appropriate.