

ANNEX 3

Procurement Policy and Procedures for Recipients of Grant Funding from IUCN

1. PURPOSE

The purpose of this Policy and Procedure is to ensure that IUCN obtains value for money in all its procurement activities and that procurement is conducted in an efficient and cost effective manner that respects sustainability, the environment and ethical principles.

Prior to undertaking any purchases of goods or services with IUCN funds, grant recipients are required to have institutional procurement policies in effect that are substantially at least as stringent as those listed below. The specific procurement procedures listed in section 3. are applicable to all goods/services procured with IUCN funds, and must be followed in all cases.

2. POLICY

All purchases of goods and services must be made with complete impartiality based solely on the merits of supplier proposals, including such considerations as cost, quality, environmental impact, delivery and payment terms. No employee, officer, or agent of the grant recipient may participate in the selection, award, or administration of a contract if an actual or apparent conflict of interest would arise.

The grant recipient must provide IUCN with a clear Delegation of Authority (DoA) document that specifies what levels of approval are needed for expenditure in line with this policy. IUCN reserves the right to reject the proposed DoA and impose an alternative with regards to funds provided by IUCN.

All purchase decision must take into consideration the environmental policy of the supplier and the environmental impact of the goods or services to be procured, with a view to minimizing the environmental impact of the procurement. Environmental considerations include an assessment of the need for the procurement and the environmental impact of the eventual disposal of any goods procured.

Goods must only be accepted if they are received in good condition and meet the prescribed standard. Grant recipients must examine and test goods upon receipt to ensure that the vendor has met all terms and conditions of the purchase agreement.

All purchases of services over EUR 5,000, from individuals, companies or organizations, must be made on the basis of a written contract or Purchase Order which must set forth in detail the relevant terms of the contract including, without limitation, the proposed scope of work, deliverables, amounts and terms of payment, timelines and the Parties' relative responsibilities and liabilities for non-performance.

Grant recipients must ensure that adequate insurance is obtained for the replacement value of any equipment purchased.

Procurement contracts must be entered into only with responsible suppliers who are reputable, well established and are suppliers of the type of goods and services being purchased in the normal course of their business.

Procurement should only be undertaken with suppliers who:

- maintain ethical business practices at all times
- are not involved in any form of corruption or any fraudulent activities

- do not engage in any collusive or coercive practices

3. PROCUREMENT PROCEDURES

a. Purchases of goods and services with a value of EUR 5,000 or below

Purchases of goods and services with a cost of less than EUR 5000 may be made through “single sourcing”. Competitive bids are not required. Research should be made of available suppliers and the procurement decision should ensure best value for money. Competitive bidding should be considered where the benefits of competitive tendering in terms of price and quality are likely to outweigh the costs of the tendering exercise. A record of activities carried out to ensure value for money must be kept on file.

b. Purchases of goods with a value between EUR 5,001 to EUR 50,000

Purchases of goods with a unit cost of more than EUR 5,000 but less than or equal to EUR 50,000 must be based on written quotations received from at least three potential suppliers. Quotations must include the price, the description and quantity of the goods, as well as the delivery time and place.

Grant recipients are advised to initially request more than three quotations.

If there are at least three potential suppliers of the goods at competitive prices in the grant recipient’s country, the grant recipient may purchase in that jurisdiction without requesting quotations from potential suppliers located in foreign countries.

If this is not the case, then the grant recipient must request quotations from suppliers within the country to the extent such suppliers exist, and from suppliers in foreign countries. The choice of suppliers and countries should be made to ensure that goods are procured at internationally competitive prices.

c. Purchases of services with a value between EUR 5,001 to EUR 50,000

Purchases of Services in excess of EUR 5000 but less than EUR 50,000 must be based on a comprehensive Terms of Reference specifying in detail the necessary subject area qualifications and expected outputs. Statements of interest or CVs must be received from at least three potential firms or individuals.

All purchases of services must be contracted on the basis of a written document that includes fixed outputs and specific payment terms.

Fees may be paid on an hourly/daily rate, or on a fixed fee basis. All fees paid to individuals must be consistent with previous salary/fee history, as documented in a CV and must be competitive and in line with established norms for the type of work to be performed.

File documents must reflect clearly the list of individuals or firms invited to bid, the statements of interest or CVs, salary/fee history, and rationale for selection.

d. Purchases of goods and services with a value over EUR 50,000

Purchases of goods and services with a cost in excess of EUR 50,000 are subject to special competitive bidding procedures. Such purchases are only allowed with separate written authorization from the relevant IUCN project manager.

In the event that purchases in excess of EUR 50,000 are authorized, IUCN shall assess the procurement procedures of the Grant recipient and either authorise the procurement to be carried in accordance with the grant recipient’s procedures or request that the Grant recipient carries out the procurement in accordance with IUCN standard procedures (Section 5).

4. Mis-procurement

IUCN does not finance procurement undertaken by grant recipients when it concludes that mis-procurement has occurred.

Mis-procurement is deemed to have occurred if:

- (a) The procurement contract was not awarded in accordance with the provisions of the Grant Agreement;
- (b) The procurement was not included in a procurement plan required under a grant agreement to which IUCN gave its prior written approval ;
- (c) The procurement contract was not awarded to the bidder, who otherwise would have won the tender, due to dilatory or other unjustifiable conduct by the grant recipient, resulting in the successful bid no longer being valid or available;
- (d) The most competitive bid was rejected on unjustifiable grounds; or
- (e) The award of the procurement contract was a result of fraud, corruption or other unlawful or unethical conduct.

In such cases, whether under prior or post review, IUCN will declare mis-procurement, and cancel that portion of the grant allocated for the goods, works, or services that have been mis-procured.

IUCN may, in addition, exercise all other remedies available to it under the Grant Agreement and/or under applicable law.

5. Guidance to grant recipients on competitive bidding

General considerations

All purchases equal to or greater than a value of EUR 50,000 must be subject to a competitive bidding exercise through the issuance of a Request for Proposals (RFP).

The RFP must be issued to a sufficient number of potential suppliers known to provide the goods or services to ensure that a minimum of three qualifying proposals are received. For amounts of EUR 100,000 or above, the RFP must be advertised on the organisation's public website or using other public media.

When preparing the RFP great care must be taken to ensure that the specifications for the equipment or services are written in an objective manner so as not to favour a product or service of a particular supplier.

In addition to the specification of the goods or services sought, the RFP must also specify the evaluation criteria that will be applied in selecting the successful proposal. Where applicable, and as much as possible, the relative weights assigned to these criteria should also be specified. As a minimum, it should be indicated for each criterion whether it is considered to be of High, Medium, or Low importance.

In particular, the RFP must clarify where the balance between price and quality scores will be struck (e.g. 40% price, 60% quality).

Terms of response:

The RFP shall include the terms for response, to include the method (email, post, facsimile), the cut off time for acceptance and the period of validity of the offer. For procurements over EUR 50,000, the RFP must state that proposals are to be submitted with financial and qualitative responses in separate, sealed envelopes, which shall not be opened until after the deadline for receipt of proposals has

passed. Where technically feasible, an alternative method of keeping bid information secret until after the deadline may be used.

Where the procurement process is not open to all (under EUR 100,000), the selection of suppliers to receive the RFP should be made in a way which ensures the integrity of the process and the confidence of all users, suppliers and other interested parties. The selection process should rely primarily on the professional judgement of the Purchaser¹, but also on research conducted to identify potential suppliers to ensure that, to the extent possible, suppliers known to provide the required goods or services have an opportunity to compete.

The selection of potential suppliers shall be determined in accordance with rational economic criteria, such as the experience of the supplier in providing the required goods or service, the ability of the supplier to provide the goods or services within the required timelines, the reliability and technical capacity of the supplier.

Considerations when preparing Requests for Proposals

1. Applicable to Goods and Services, excluding consultancy services

Specifications

The specifications of the goods or services to be ordered will be described in as full a detail as possible, mindful of the requirement that they should not favour one supplier over another. The exact quantity of each line item should be specified.

Any special requirements that are an essential part of the procurement shall be included. These may include such things as spare parts, user manuals, packing and marking, foreign language, availability of service support, warranties, requirement for samples, etc.

Where it is not possible to set the exact specifications, alternatives may be considered. In such cases the RFP should include the clause "Alternatives to the requested specifications may be considered."

Quantities

The quantity required must be stated. Where the exact quantity required is not known in advance, an estimated quantity may be indicated with a provision that the Purchaser does not guarantee the

¹ The term Purchaser refers to the person within the entity performing the procurement process

estimated quantity and reserves the right to increase or decrease the indicated quantity. For services, quantity may be replaced by frequency or other relevant measure.

Time and place of delivery

The RFP must provide prospective bidders with specific information on the required place and date of delivery of the goods or service.

2. Applicable to consultancy services only

For consultancy services, the specifications and quantities, referred to in 1. above, are replaced by a Statement of Need and Terms of Reference.

Statement of Need

The Statement of Need must summarise the work to be performed, why it is necessary to perform the work and why it is necessary to engage a consultant to fulfil the work requirement.

Terms of reference

The terms of reference must be clear and provide sufficient information for identification of potential consultants.

Terms of Reference should include:

- the services to be provided by the consulting firm/organisation, including quality measures;
- the nature of the reports to be furnished and the dates when they must be completed;
- any other special material to be completed.

More detailed terms of reference may be elaborated later and included as part of the final contract.

The rights and obligations of the Purchaser and the consulting firm/organisation should be clearly stated, particularly in such areas as intellectual property

Duration and completion date

As the delivery of consultancy services is essential to successful programme implementation, it is essential that the Purchaser provides a realistic desired timeline and completion date.

3. Applicable to all RFPs

Payment terms²

The Purchaser should include its standard payment terms in the RFP. In most countries standard payment terms are “within 30 days after receipt of goods/services and documents in good order.” Although this is the standard, it is recognised that there will be exceptions. Examples would be substantial discounts for early payment, partial payments for phased deliveries and partial prepayments when the supplier must purchase materials to complete the task, e.g., construction. The standard provisions for payment should be offered, with the provision that alternate payment

² The procedure for advance payments is applicable to all purchase transactions regardless of value.

terms will be considered. The business norms of the country should also be considered when deciding on the payment terms.

Amending the RFP

If it becomes desirable to modify the RFP in any way after it has been circulated to prospective bidders or invitees to submit proposals, an identical written amendment shall be sent to all parties who received the original solicitation.

Contacts with suppliers

During the bidding or proposal process, it is permissible to clarify points in the RFP. However, any responses to questions related to the bid which are not addressed in the RFP but which are material to the process and which may alter bid submission must be provided to all suppliers to whom the RFP was addressed.

Absolute impartiality must be shown to all bidders or proposers receiving the RFP. Any additional information concerning any solicitation must be made available to every bidder or proposer.

Opening bids or proposals

For procurements of EUR 100,000 or above, all received proposals must remain unopened until after the deadline for receipt of proposals. They must be opened with at least two people present and each page of each proposal initialled. A record must be kept of the suppliers' names and the names of the individuals present at the opening.

For procurements under EUR 100,000, all bids and proposals are to be received and opened by the requesting Purchaser or his/her delegate and are to be date stamped upon receipt. Bids may be received by email, post, courier, fax, or be hand delivered by the bidder.

Bids received after the announced bid closing time will not normally be considered in the bid evaluation process.

Unsolicited offers, i.e. offers received from suppliers who did not request the RFP and respond in accordance with the formal process, as a general rule will not be considered. However, if an unsolicited offer indicates a significant disparity in prices or suggests that the solicitation process was not adequately handled, the RFP will be reinitiated.

Confidentiality

Costing data submitted in the suppliers' offers will be treated as confidential information and may not be released outside of the purchasing entity, or to those within the entity to those who do not need access to such information for the proper performance of their duties.

Irregularities

Any unusual or questionable circumstances surrounding the proposal process will be reported to the IUCN programme unit responsible for the project.

Evaluation of bids or proposals

The quotations, bids or proposals, received from suppliers in response to an RFP shall be evaluated in accordance with the evaluation criteria and weights specified in the RFP. No information other than that submitted by the suppliers and no evaluation criteria other than those previously specified may be used.

The evaluation shall be carried out by an Evaluation Panel of at least three members, who shall be appointed by the Approving Officer or their delegate. Qualitative criteria should be evaluated independently of pricing – either by carrying out the qualitative evaluation first, or by having a second, separate panel for the financial evaluation.

All formal bids and proposals will be tabulated on a Competitive Bid Analysis (CBA) worksheet for ease of comparison, which will be kept in the procurement file.

Considerations in the evaluation of bids

Adherence to Specifications or Terms of Reference

The first consideration is to ensure that the goods or services offered meet IUCN requirements as defined in the RFP.

Only bids or proposals offering items with fundamental characteristics meeting or exceeding those in the solicitation shall be considered as acceptable.

Capability of supplier

The Purchaser should consider whether or not the supplier has the capability in all respects to perform fully the contract requirements, and the integrity and reliability which will ensure good faith performance.

Financial standing of supplier

If the supplier is known or suspected to be in financial difficulty, the supplier may be required to demonstrate their capability to perform, or to post a performance bond.

Environmental impact

The environmental impact of the goods or services offered should be evaluated together with the supplier's environmental policy.

Value for money

Goods and services should be procured at the best value. In the evaluation of bids or proposals, the overall value is the criterion for determining the lowest bid or proposal, and the specifications in the invitation or request for proposal should be formulated to permit such an evaluation.

Delivery Terms

When the delivery date is an important factor in awarding a contract, it should be so stated in the RFP. Offers not meeting a required delivery schedule may be rejected. If all bids or proposals are disqualified under this condition and if re-advertising is not feasible, it may be necessary to accept the best delivery terms.

Incomplete bids

Offers to provide goods or services that only partially meet requirements will not normally be considered unless the RFP provides for award in such a manner.

Payment Discounts

Payment discounts should be taken into consideration in evaluating total cost provided that the Finance Officer confirms that the time margin is sufficient to allow normal payment processes to take place.

Authorised costs exceeded

Whenever the cost of a contemplated purchase exceeds the estimated cost, or some other maximum amount fixed by IUCN, the latter should be informed and further instructions requested. The award should be withheld until a written authorisation amending the requisition has been received.

Errors and Omissions:

Errors in Price. IUCN is not responsible for errors in price made by a bidder. However, if the Purchaser has reason to believe that the offer of a bidder contains an error in price, he/she should, before completing the evaluation, request the bidder to verify the prices in question. If the bidder replies that the prices are correct as quoted, the evaluation may then be completed without further question. A note of the fact that a query was made, together with the reply, should appear in the file.

Failure of Bidder or Proposer to Furnish Data: Failure to furnish certain data with a bid or proposal, i.e., data which do not affect in any way price, quality, etc., even when required by the solicitation,

will not require immediate rejection of the bid unless the bid so states. It is the responsibility of the Purchaser to request the missing data from the bidders. If the request is not fulfilled, the bid may be rejected.

Errors in Affixing Signature: All bids and proposals must be signed, and the typed or printed name of the individual signing should also appear. A doubtful signature, a missing signature or a signature evidently executed by someone other than the typed name, should be questioned. If the bid is not signed and there is no indication that signing was intended, the bid or proposal should be rejected.

Corrections or Alterations: Corrections or alterations in a bid or proposal must be initialled by the individual who signs the bid or proposal. If this stipulation has not been complied with, the bidder or proposer shall be requested to confirm each change in writing. Upon receipt of the confirmation, it shall be attached to and made a part of the offer. No correction or other alteration in the prices or terms of a bid or a proposal shall be permitted after the time of closing.

Awarding a contract

Following completion of the CBA, the Purchaser shall make a recommendation for the award of the contract and provide a justification on the worksheet. In the event the lowest bidder or proposer is found unacceptable, then clear, concise and comprehensive justification must be provided in support of the recommendation.

For purchases over EUR 50,000, the CBA, together with the recommendation for the award of contract, will be sent to IUCN for endorsement. Under EUR 50,000, the same document must be submitted to the Approving Officer as specified in the grant recipient's own Delegation of Authority.

On receipt of the endorsement the Approving Officer will formally approve the award of contract to the selected supplier.

Communicating the decision

Prior to making an award, no information with respect to probable acceptance or rejection of any offer may be made available to any person outside the purchasing entity other than to an official of IUCN. The reasons for any delay in making the award may be made known upon request, if the furnishing of that information is not prejudicial to the interests of the Purchaser or IUCN.

Once the decision to award a contract has been duly approved, all suppliers who submitted a Proposal by the stated deadline shall be informed in writing of that decision. The unsuccessful suppliers should be offered an opportunity to receive a de-briefing if desired.

The information supplied to them as part of a de-briefing should be limited to: (1) the name of the successful bidder, (2) the approximate price or prices at which the award was made, and (3) the basis of the with reference to the evaluation criteria stated in the RFP.

Any allegation of fraud or corruption made by a bidder should be reported directly to the IUCN Head of Oversight (antifraudpolicy@iucn.org).