

ICF PROCUREMENT GUIDELINES:

SELECTION of SUPPLIERS for GOODS & SUPPLIES

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Definitions

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| PIN | Prior information notice that is issued at the start of the year |
| FinCom | Audit and Finance Committee of ICF |
| Proactive project | Any project initiated by the ICF and |
| Task Force | An ICF Task Force consisting of members of TAC and ICF Staff, tasked with dealing with one or more focus areas specific to ICF objectives |

INTRODUCTION

Purpose

1.1 The purpose of these procurement Guidelines is to define ICF's procedures for selecting, contracting, suppliers for the procurement of goods and supplies required to be engaged by:

- ICF for its operations;
- Grant recipients for the implementation of projects that are financed in whole or in part by grants from ICF.

1.2 The Grant Recipient is responsible for implementing an ICF **grant funded project**, and for selecting the supplier, awarding and administering the supply contract. These Guidelines apply to the selection and employment of suppliers for the project as provided for in the Grant Agreement. The rights and obligations of the Grant Recipient and the supplier are governed by the specific Request for Proposals (RFP) issued by the Grant Recipient and by the contract signed by the Grant Recipient with the supplier, and not by these Guidelines or the Grant Agreement.

General Considerations

1.3 All procurement shall be discharged honestly, fairly, transparently and in a cost effective and efficient manner. ICF considers that, the above considerations are best addressed through competition among qualified short-listed suppliers in which the selection is based on the *quality of the proposal* and on the *cost of the goods and supplies* to be provided (Quality- and Cost-Based Selection (QCBS)).

Conflict of Interest

1.4 Potential conflicts of interest in the tendering process shall be avoided. Care should be taken to ensure that goods and supplies specifications and criteria should be as open and as generic as possible in order to avoid favouring any one solution or any one party.

Eligibility

1.5 To foster competition ICF permits firms and individuals from all countries to offer supplies or works for ICF-financed projects. Any conditions for participation shall be limited to those that are essential to ensure the firm's capability to fulfil the contract in question.

However:

(a) Suppliers may be excluded if (i) as a matter of law or official regulations, the Grant Recipient's country prohibits commercial relations with the supplier's country or (ii) by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

(b) Government-owned enterprises or institutions in the Grant Recipient's country may participate only if they can establish that they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Grant Recipient or Sub-Grant Recipient.

Review, Assistance, and Monitoring

1.6 ICF and auditors appointed by ICF shall review the Grant Recipient's selection process for the selection of suppliers proposed by the Grant Recipient in the Procurement Plan to ensure compliance with the Grant Agreement and these Guidelines. The Grant Recipient shall retain all documentation with respect to each contract during project implementation and up to two years after the closing date of the Grant Agreement. This documentation would include, but not be limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award the record of justification, the capabilities and experience of the suppliers, for examination by ICF, auditors appointed by ICF or by its suppliers.

Fraud and Corruption

1.7 It is ICF's policy to require that Grant Recipients, as well as suppliers and their subcontractors under ICF-financed contracts, observe the highest standard of ethics during the selection and execution of such contracts. In pursuance of this policy, ICF will reject a proposal for award, cancel the portion of the Grant allocated to a contract; sanction a supplier if it at any time determines that the tender process was marred by corrupt, fraudulent, collusive, coercive, or obstructive practices. In addition, ICF will have the right to require that, in contracts financed by an ICF grant, a provision is included requiring suppliers to permit ICF to inspect their accounts and records and other documents relating to the submission of proposals and contract performance and to have them audited

Procurement Plan

1.8 As part of the preparation of the project, the Grant Recipient shall prepare and, before Grant negotiations, furnish to ICF for its approval, a Procurement Plan acceptable to ICF setting forth: (a) the particular contracts for goods and supplies required to carry out the project; (b) the proposed methods for selection of suppliers; and (c) the related ICF review procedures. The Grant Recipient shall update the Procurement Plan annually or as needed throughout the duration of the project. The Grant Recipient shall implement the Procurement Plan in the manner in which it has been approved by ICF.

II. Quality- and Cost-Based Selection (QCBS)

The Selection Process

2.1 QCBS uses a competitive process among short-listed firms that takes into account the quality and the cost of the goods and supplies in the selection of the successful supplier. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

2.2 The selection process shall include the following steps:

- (A) preparation of specifications of goods and supplies;
- (B) preparation of cost estimate and the budget;
- (C) advertising;
- (D) Determination of pre-qualification criteria;
- (E) preparation of the short list of suppliers;

- (F) preparation and issuance of the RFP [which should include: the Letter of Invitation (LOI) to submit pre-qualification information and detailed implementation proposals; Instructions to suppliers (ITS); the TOR and the proposed draft contract];
- (G) receipt of proposals and pre-qualification information;
- (H) Identification of pre-qualified suppliers;
- (I) evaluation of technical proposals: consideration of quality;
- (J) public opening of financial proposals;
- (K) evaluation of financial proposal;
- (L) final evaluation of quality and cost; and
- (M) negotiations and award of the contract to the selected firm.

Terms of Reference (TOR)

2.3 The specifications described in the TOR shall be compatible with the budget if this has already been determined. TOR shall define clearly the various requirements and criteria including running costs, servicing costs, level of after sales service, technical merit or environmental issues. Firms shall be encouraged to comment on the TOR in their proposals. The ICF or the Grant Recipient's and suppliers' respective responsibilities should be clearly defined in the TOR.

Cost Estimate (Budget)

2.4 The cost estimate shall take into account value for money considerations and be based on the approved ICF budget or the project budget.

Advertising and Thresholds

2.5 For procurement below the ICF threshold of US\$20,000, suppliers may be considered and appointed without a formal application and selection process that documents quotes from two or more competitive suppliers. For procurement above US\$20,000 but below US\$50,000, less formal procedures may be applied to award contracts on the basis of responses to specifications sent by fax or email to at least three suppliers.

Alternatively direct invitation to solicit expressions of interest (without advertising) may be used to invite suppliers:

- deemed appropriately qualified for a particular good or supply (*appropriate for specialised requirements in markets with a limited number of suppliers*); **or**
- on a list of pre-approved and suitably qualified suppliers that is established and maintained on an open and objective basis

To obtain expressions of interest for procurement above the US\$50,000 threshold, , a request for expressions of interest for each contract for supply shall be advertised in the national or regional gazette or in a national or regional newspaper or on a freely accessible website. Expressions of interest may also be advertised in an international newspaper or a technical magazine.

Pre-qualification Criteria

2.6 All suppliers must be pre-qualified to ensure that they have the resources, capacity and reach to supply the goods and supplies for which they are to be contracted. Criteria to be considered for pre-qualifying suppliers are as follows:

| Criteria | Comment | Score |
|-----------------------------|--|---------|
| Financial Viability | Ensure that the Supplier is stable and financially stable | 0 - 5 |
| Key personnel | Does the Supplier have the resources to carry out the service | 30 - 50 |
| Professional Qualifications | Does the Supplier have the qualifications/ licences necessary to deliver this service | 20 - 50 |
| Statutory Compliance | Ensure that the Supplier is statutorily compliant (e.g. regulatory licenses etc) | 0 - 10 |
| Geographical Scope | Does the Supplier have the geographical knowledge and reach to effectively carry out the supply contract | 0 - 10 |
| Prior Experience | Does the Supplier have any similar experience that will support it in carrying out the assignment | 10 - 15 |

The above weights are indicative and the actual weights to be applied should be disclosed in the RFP.

Short List of Suppliers

2.7 Short lists shall comprise at least 3 suppliers. ICF may agree to short lists comprising a smaller number of firms in special circumstances, for example, when only a few qualified suppliers have expressed interest for the specific assignment or when the size of the contract does not justify wider competition. Suppliers that expressed interest as well as any other firm that specifically so requests shall be provided the final short list of suppliers.

Preparation and Issuance of the Request for Proposals (RFP)

2.8 The RFP shall include (a) a Letter of Invitation, (b) Information to Suppliers, (c) the TOR, and (d) the proposed contract. All the documents included in the RFP shall be listed. If the RFP is distributed electronically, the electronic system shall be secure to avoid modifications to the RFP and shall not restrict the access of short-listed suppliers to the RFP.

Letter of Invitation (LOI)

2.9 The LOI shall state the intention of the entity issuing the LOI to enter into a contract for the supplies, the source of funds, the details of the client and the date, time, and address for submission of proposals.

Instructions to Suppliers (ITS)

2.10 The ITS shall contain all necessary information that would help suppliers prepare responsive proposals, and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality

score. The ITS shall indicate the total budget for the goods and supplies sought if the budget is available. Suppliers, however, shall be free to prepare their own cost estimates of the goods and to offer the corresponding cost in their proposals. The ITS shall specify the proposal validity period, which should be adequate for the evaluation of proposals, decision on award, and finalization of contract negotiations

Time-limits for Replies

2.11 Minimum time-limits are set down for the different stages of the procurement process as follows:

- For receipt of expressions of interest: 37 days from the date of the advert
- For receipt of proposals: 40 days from the date of the Letter of Invitation;
- If a prior information notice (“PIN”) has been published: the minimum time may be reduced to 36 days but in no circumstances less than 22 days (*no reduction in time for receipt of expressions of interest*);

2.12 In emergencies, shorter time limits may be applied as follows:

- For expressions of interest: not less than 15 days from the date of the dispatch of the advert (10 days if the advert, Notice is sent electronically); and
- For receipt of proposals: not less than 10 days from the date of the LOI

Receipt of Proposals

2.13 On receipt of the pre-qualification information and the proposals, the pre-qualification information shall be considered first. Successfully pre-qualifying suppliers shall not be ranked against each other. Pre qualification is merely a safeguard to ensure that only the proposals of appropriate suppliers are considered for award of contract.

2.14 Only proposals of suppliers who successfully pre-qualify should be considered. Enough time shall be allowed for the suppliers to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than four weeks or more than three months. During this interval, the firms may request clarifications about the information provided in the RFP. Clarifications shall be provided in writing and copied to all firms on the short list. If necessary, the deadline for submission of proposals shall be extended. The technical and financial proposals shall be submitted at the same time with the pre-qualification information. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The technical envelopes of the pre-qualified suppliers shall be opened immediately after the closing time for submission of proposals. The financial proposals shall remain sealed until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened. Electronic systems permitting suppliers to submit proposals by electronic means, shall be used provided that the system is secure, maintains the confidentiality and authenticity of proposals submitted, uses an electronic signature system or equivalent to keep suppliers bound to their proposals, and only allows proposals to be opened with due simultaneous electronic authorization of the supplier and the team receiving the submissions. In this case, suppliers shall continue to have the option to submit their proposals in hard copy.

Evaluation of Proposals: Consideration of Quality and Cost

2.15 The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

Evaluation of the Quality

2.16 Each technical proposal shall be evaluated (using an evaluation committee of three or more specialists in the sector), taking into account several criteria including delivery time, operating costs and technical expertise on install and after sales support. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following weights are indicative. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below. The proposed weights shall be disclosed in the RFP.

| Quality evaluation criteria | Points Score |
|---|--------------|
| Delivery time | 0 - 10 |
| Operating costs, servicing costs | 20 - 50 |
| Technical expertise/ training of users | 10 - 20 |
| Availability of after sale service/ spare parts | 20 - 50 |
| Safety/ environmental factors/ participation by nationals | 0 - 10 |
| Total | 100 |

2.17 At the end of the process, a Technical Evaluation Report of the “quality” of the proposals shall be prepared. The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the project and its audit.

Evaluation of Cost

2.18 After the evaluation of quality is completed, the suppliers who have submitted proposals shall be informed, of the technical points assigned to each supplier and those suppliers whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and TOR shall be informed that their financial proposals will be returned unopened after the signature of the contract. The suppliers that have secured the minimum qualifying mark shall be simultaneously informed of the date, time, and place set for opening the financial proposals. The opening date shall be defined allowing sufficient time for suppliers to make arrangements to attend the opening of the financial proposals. The financial proposals shall be opened publicly in the presence of representatives of the suppliers who choose to attend (in person or online). The name of the supplier, the technical points, and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened, and a copy of this record shall be retained for audit purposes or review by ICF. The minutes of the public opening and a copy of this record shall be promptly sent to all suppliers who submitted proposals.

2.19 The Grant Recipient shall then review the financial proposals shall then be reviewed. If there are any arithmetical errors, they shall be corrected.

2.20 For the purpose of evaluation, ‘cost’ shall exclude local identifiable indirect taxes on the contract. The cost shall include all suppliers’ expenses such as travel or installation and

commissioning costs where applicable. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

Combined Quality and Cost Evaluation

2.21 The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the “cost” shall be chosen, taking into account the relative importance of quality. The weight for cost shall normally be at least 50 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

Award of Contract

2.22 The supply contract shall be awarded within the period of the validity of the bids to the bidder who attains the highest combined quality and cost score.

Publication of the Award of Contract

2.23 After the award of contract the following information shall be published: (a) the names of all suppliers who submitted proposals: (b) the technical points assigned to each supplier: (c) the evaluated prices of each supplier: (d) the final point ranking of the suppliers: (e) the name of the winning supplier and the price, duration, and summary scope of the contract. The same information shall be sent to all suppliers who have submitted proposals.

Debriefing

2.24 The publication of contract award referred to in paragraph 2.23 shall specify that any supplier who wishes to ascertain the grounds, on which its proposal was not selected, should request an explanation from the publisher. The explanation as to why such proposal was not selected shall be promptly provided either in writing and/or in a debriefing meeting, at the option of the supplier. The requesting supplier shall bear all the costs of attending such a debriefing.

Rejection of All Proposals, and Re-invitation

2.25 It will be justified to reject all proposals only if all proposals 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 modifying the budget should be investigated in consultation with ICF. The new process may include revising the RFP (including the short list) and the budget. These revisions shall be agreed upon with ICF.

Confidentiality

2.26 Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the suppliers who submitted the proposals or to other persons not officially concerned with the process, until the publication of the award of contract, except as provided in paragraph 2.20 and 2.27.

Single-Source Selection (SSS)

2.27 Single-source selection shall be used only in exceptional cases. Single source selection may be appropriate only if it presents a clear advantage over competition: (a) for awards that represent a natural continuation of previous supply by the firm, (b) in emergency cases, such as in response to disasters and for goods and supplies required during the period of time immediately following the emergency, (c) for very small supply contracts, or (d) when only one supplier is able to deliver or has the technical expertise. In instances where only one appropriate provider may be available or qualified to supply and install, the reasons shall be documented in a Register kept for inspection by ICF and auditors appointed by ICF.