

**New Development Bank  
Corporate Procurement Policy**

**Owner:** Administration Department

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## Corporate Procurement Policy

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### Change Log

Revision Date	Chapter revised	Revision Details
[16] Mar 2016		Revised with comments received (for details please refer to the Cover note)

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### Abbreviations

<b>Bank or NDB</b>	New Development Bank
<b>BOD</b>	Board of Directors
<b>CAO</b>	Chief Administrative Officer
<b>DGA</b>	Director General of Administration Department
<b>The Guidelines</b>	Corporate Procurement Guidelines
<b>The Policy</b>	Corporate Procurement Policy
<b>PC</b>	Procurement Committee

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### Chapter I Introduction

#### 1.1 Objective and Overview

The Corporate Procurement Policy (the “Policy”) guides the procurement management in the New Development Bank (NDB).<sup>1</sup> It covers procurement of services, works and goods including both hardware and software of information technology intended for NDB’s own use. The Policy does not cover procurement related to (i) NDB supported projects, and technical assistance, and (ii) recruitment of consultants to meet temporary staff/skill needs of NDB.

#### 1.2 Approval of the Policy and the Guidelines

The Board of Directors (“BOD”) approves the Policy, and amendment to it, in order to regulate the NDB’s corporate procurement management.

NDB President approves and issues detailed Corporate Procurement Guidelines (the Guidelines) to implement the Policy.

#### 1.3 Release and Control

- Authority

The Administration Department, under the guidance of the Chief Administrative Officer (CAO), is responsible for drafting and proposing amendments to the Policy and the Guidelines issued to implement it.

- Disclosure

The Policy and the Guidelines will be disclosed in accordance with NDB’s Public Communications and Information Disclosure Policy.

### Chapter II Governance Structure

#### 2.1 Roles and Responsibilities

The Administration Department is responsible for corporate procurement. The Finance, Budget and Accounting Department is responsible for ensuring compliance with budget allocations and appropriate use of the allocated funds. The Procurement Committee (PC) is responsible for overseeing large and complex procurements.<sup>2</sup> User departments are responsible for seeking budgetary allocations for their corporate procurement needs; submitting requests for procurement; providing technical specifications for procurement; participating, as required, in the evaluation of bids

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<sup>1</sup> Procurement refers to acquiring goods, works, and services by purchasing, leasing or other methods in a specific and standard manner.

<sup>2</sup> The PC constitutes the inter-departmental Procurement Committee—including General Counsel, Finance, Budget and Accounting Department, and the concerned user department—under the Chairpersonship of the Director General, Administration Department to manage high value and complex procurement.

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proposal; and participate in the PC.<sup>3</sup> Legal Department is responsible for reviewing the procurement related contracts as needed and participating in the PC.

The CAO is responsible for managing the procurement process, approving procurement requests, and awarding procurement contracts.

For procurement over a threshold value determined by the Guidelines approved by President, the user department submits its request for procurement to the CAO for approval through the Administration Department.

NDB uses simplified processes for procurement below the threshold. Under the simplified process, the Director General of Administration Department (DGA) or an officer authorized by the DGA approves the request for procurement.

In emergencies, the Directors General of user departments may procure directly up to a threshold level and as determined by the Guidelines.

### Chapter III Procurement Process

#### 3.1 Principles of procurement

The policy upholds the following six principles of good procurement of services, works and goods including both hardware and software of information technology as essential to facilitate efficient and economic use of NDB resources.

**Economy.** Procure goods, works and services of right kind, quality, quantity, and technology.

**Efficiency.** Plan and procure goods and services timely using methods that are most appropriate for the scale and scope of activity.

**Competition.** Promote competitive procurement by (i) providing equal access to information and opportunity to all eligible bidders to participate, and (ii) following fair and consistent process to achieve the best price outcomes.

**Transparency.** Promote high standards of transparency, fair and open practices, and combat moral hazards, fraud, and corruption during procurement process.

**Value for Money.** Obtain maximum operational benefits with the resources utilized, which may include not only the initial costs but also costs over the economic life of the procured item, the quality of output, and timeliness.

**Fit for Purpose.** Apply appropriately the procurement methods which should reflect the strategic needs and circumstances of the user departments.

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<sup>3</sup> User department refers to any department in NDB that seeks and obtained necessary allocation for procurements and procures goods under the Policy.

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**Procurement plan.** NDB prepares a corporate procurement plan as an integral part of its annual financial budget to enhance to achieve better procurement outcomes. The procurement plan is disclosed on NDB website.<sup>4</sup>

### 3.2 Procurement methods:

NDB conducts procurement in an environment that promotes competition among eligible suppliers. NDB uses the following methods for procurement as appropriate.

- Open competitive bidding shall be used for large value contracts higher than the threshold determined by the Guidelines approved by President. Bidding should be open to all eligible suppliers.
- Limited competitive bidding is used when (i) there are limited number of suppliers; or (ii) the size of procurement is not big enough to attract many suppliers; or (iii) for other justifiable reasons, to depart from open competitive bidding, NDB may invite a limited number of qualified suppliers, preferably, from its supplier management system data base or from other sources.
- Competitive negotiations refers to inviting three or more suppliers to negotiate the terms and conditions of procurement. This method is used in exceptional cases such as: (i) when no supplier responds to repeated invitations to bid or none of the bids qualify, or it is impossible to re-invite bids; or (ii) procurement involves complex technology or is of a special nature, and the detailed specifications or substantial requirements cannot be determined a priori; or (iii) the price cannot be determined in advance.
- Single-source procurement is approved (i) when the item can only be procured from one supplier; or (ii) due to emergency situation, when seeking bids from alternative suppliers is not possible; or (iii) urgent or small quantity of repeat orders from the supplier selected previously using competitive bidding process; or (iv) it is necessary to purchase from the original supplier to ensure consistency/ compatibility of ancillary services for the originally procured item.
- Shopping is done through request for quotations. This method is used for small value procurement by soliciting quotations from at least three suppliers preferably from those registered in the supplier registration system of NDB.

The Guidelines will be approved by President and shall determine the following limits for procurement under different methods listed in the table below:

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<sup>4</sup> In accordance with NDB's *Information Disclosure and Communication Policy*.

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Limits in USD up to	Method of procurement
\$5,000	Shopping with 3 telephone/fax/email quotes
\$50,000	At least 3 written quotes in sealed covers
\$100,000	Limited competitive bidding from shortlisted vendors preferably from those registered with NDB
\$250,000	Competitive bidding to be evaluated by the Director General Administration Department
Greater than \$250,000	Competitive bidding. To be evaluated by Procurement Committee

Prior approval of the CAO will be needed to procure from a single-source, or through competitive negotiations.

Procurement notices are announced on NDB's website and/or in public media. Suppliers are provided adequate time to prepare and respond with their bids.

### Chapter IV Supplier Management System<sup>5</sup>

#### 4.1 Evaluation of suppliers

The Administration Department is responsible for establishing and overseeing the supplier management system. The suppliers are normally chosen from those registered in the system. Administration Department screens the supplies for their antecedents, financial strength, reliability and other relevant factors to register them in the supplier management system to make them eligible to bid for NDB corporate procurement.

### Chapter V Corruption and Fraud

5.1 In accordance with NDB's anti-corruption policy, corruption and fraud in procurement is dealt with sternly by denying or limiting access to future procurement to corrupt individuals and entities, and reporting the matter to concerned authorities for appropriate action.

### Chapter VI Review of the Policy

6.1 NDB will pursue the Policy and the Guidelines during the first year of operation. Thereafter, as needed, NDB may review and modify the Policy and the Guidelines based on the experience gained in implementing the policy.

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<sup>5</sup> Once NDB's supplier management system is established, the invitation will be mainly from those registered in the system.