

**AIB Directive on
Corporate Procurement
Nov. 20, 2018**

1. Overriding Objective

- 1.1. This Directive establishes rules to ensure that all corporate procurement is undertaken by the Asian Infrastructure Investment Bank (AIIB) in accordance with the Corporate Procurement Policy and that the corporate procurement resources of the Bank are well managed.
- 1.2. The exercise and interpretation of this Directive shall seek to give effect to this overriding objective.

2. Definitions

- 2.1. "Bank Personnel" has the meaning as defined in the Code of Conduct for Bank Personnel.
- 2.2. "Bidder" means a Supplier or Consultant that participates in bidding for AIIB's corporate procurement contract through Competitive Procurement.
- 2.3. "Conflict of Interest" has the meaning given to it in the Corporate Procurement Policy.
- 2.4. "Consultant" means an individual or organization that provides Consulting Services.
- 2.5. "Consulting Services" means professional or advisory services with predominantly intellectual input.
- 2.6. "Competitive Procurement" means procurement through competition where normally at least three Bidders are invited to bid. "Simplified Competitive Procurement" means Competitive Procurement of Goods, Works, General Services or Consulting Services through simplified written solicitation. "Full Competitive Procurement" means Competitive Procurement of Goods, Works, General Services or Consulting Services through advertising and formal written solicitation.
- 2.7. "Corporate Procurement Committee" is a corporate procurement management committee established by the President. The Committee's composition, functions and responsibilities are detailed in the terms of references of the Committee.
- 2.8. "Corporate Procurement Plan" means a plan that outlines the Bank's anticipated needs for Goods, Works, General Services or Consulting Services in a given fiscal year.
- 2.9. "DG FAS" means the Director General, Facilities and Administration Services Department.

- 2.10. "Direct Selection" means selecting a Supplier or Consultant without competition.
- 2.11. "General Services" means services other than Consulting Services, including outsourced services such as administrative assistance, security, cleaning, catering, building maintenance, complex computer software development, configuration, implementation and installation, information technology hardware and software licensing and maintenance, as well as incidental assistance in the form of equipment rental, installation and repair.
- 2.12. "Goods" means such products as stationery supplies, office equipment, furniture, computer hardware and standard software, audio-visual equipment, communication equipment, medical equipment, security equipment, fire safety equipment, vehicles and off-the-shelf subscriptions.
- 2.13. "Prohibited Practice" means any practice prohibited by AIIB pursuant to the Bank's Policy on Prohibited Practices.
- 2.14. "Requesting Department" means the department requesting for procurement of Goods, Works, General Services or Consulting Services.
- 2.15. "Supplier" means a business entity and individual that supplies Goods, Works or General Services.
- 2.16. "VP CAO" means Vice President, Chief Administration Officer.
- 2.17. "Works" means those activities where elements of supply of goods and skilled labor are present, such as office refurbishment, civil, electrical, mechanical and other works.

3. Rules Governing Corporate Procurement

3.1. Simplified Competitive Procurement

- 3.1.1. Simplified Competitive Procurement shall be used for the procurement of Goods, Works or General Services of a value of or above USD10,000 and below USD200,000, and for the procurement of Consulting Services of a value of or above USD50,000 and below USD200,000. Advertising for a period of at least one week on the AIIB website may be required if the number of qualified Suppliers or Consultants in the Bank's databases is inadequate for Competitive Procurement.

3.2. Full Competitive Procurement

- 3.2.1. Full Competitive Procurement shall be used for the procurement of Goods, Works, General Services or Consulting Services of a value of or above USD200,000. Advertising for a period of at least two weeks on the AIIB website is mandatory.

3.3. Equal Opportunity and Competition

3.3.1. The Bank shall provide equal opportunity to all eligible individuals and business entities to register in the databases for Suppliers and Consultants.

3.3.2. All written solicitations for Competitive Procurement shall be worded identically for all Bidders. Any information or subsequent clarification related to the solicitation shall be communicated at the same time to all Bidders.

3.4. Transparent Criteria for Contract Award

3.4.1. The Bank shall make decisions on the selection of Suppliers or Consultants for a given contract award on the basis of criteria that the Bank establishes in advance for the purposes of that award and such criteria shall be included in the written solicitation documents and shall not be changed after bid submission in the case of Competitive Procurement.

3.5. Retroactive Contracts

3.5.1. No Bank Personnel shall ask any Supplier or Consultant to deliver any Goods, Works, General Services or Consulting Services, in full or in part, until the Bank has communicated in writing to the Supplier or Consultant the approved contract award and the contract terms and conditions.

3.5.2. Under exceptional circumstances where performance of a Supplier or Consultant is in immediate need for mitigating significant risk to the operation or property of the Bank, or health or safety of the Bank Personnel, a retroactive contract may only be approved by the DG FAS with documented justifications. The contract, once approved and signed, shall accurately reflect the date on which performance commenced. All retroactive contracts shall be reported to the Corporate Procurement Committee.

3.6. No Artificial Splitting of Procurement Requests

3.6.1. The Requesting Department shall not artificially split its procurement requests into phases or lots so as to avoid Competitive Procurement or threshold for higher level approval.

3.7. Exceptions to Competitive Procurement

3.7.1. Direct Selection is permitted for selection of Suppliers of Goods, Works or General Services of a value below USD10,000 or Consultants for Consulting Services of a value below USD50,000. The Requesting Department is responsible for managing the Direct Selection pursuant to 4.1.1.

3.7.2. Direct Selection for procurement of Goods, Works, and General Services or Consulting Services of or above the value indicated in the thresholds in 3.7.1 respectively shall only be approved pursuant to 4.1 on an exceptional basis. When submitting a request for Direct Selection in this context, the Requesting Department must present sufficient and compelling evidence to support one or more of the following justifications:

- a) Uniqueness: The Goods, Works, General Services or Consulting Services can only be obtained from one source based on representations from the Requesting Department detailing the efforts undertaken to demonstrate the nature of the request.
- b) Standardization: The Goods, Works, General Services or Consulting Services (1) contain key factors that require standardization such that competition would be technically impractical and (2) are required for the expansion, repair or maintenance of existing equipment or facility.
- c) Continuity: The proposed Services are (1) a natural continuation of previous work carried out by a Supplier or Consultant or (2) part of a larger project and the Supplier or Consultant has already been selected by another party to the project. With respect to both instances, the Requesting Department shall present proof of legitimate competition in the original procurement process or that it is unlikely to gain any benefit from engaging a different Supplier or Consultant to complete the work.
- d) Emergency situation or unpredictable event: The Goods, Works, General Services or Consulting Services are needed immediately due to an emergency situation or an unpredictable event. However, a lack of procurement planning is not a justification for an emergency situation or unpredictable event.

3.7.3. For procurement of sensitive or confidential services required by the Office of the General Counsel, the Office of the Treasurer or other departments, the requirement for advertising may be waived and normal procurement procedures may be adjusted as agreed between DG FAS and the Requesting Department on a case-by-case basis.

3.8. Eligibility and Preventing Conflict of Interest

- 3.8.1. Individuals and legal entities currently under sanction by the Bank in accordance with the Policy on Prohibited Practice are not eligible to participate in the Bank's corporate procurement.
- 3.8.2. A Supplier or Consultant engaged by the Bank to prepare technical specifications in the bidding documents, or to assist in the preparation of bidding documents or evaluation criteria relating to an instance of Simplified Competitive Procurement or Full Competitive Procurement, is ineligible to bid for that instance of procurement.
- 3.8.3. A former member of Bank Personnel shall not be eligible for any instance of corporate procurement unless the Human Resources Department provides prior written approval to the Corporate Procurement Unit. Such written approval shall be required only for the first instance of proposed procurement unless the Human Resources Department specifies otherwise.

3.8.4. Former Bank Personnel shall not, for two years following their termination of employment with the Bank, be eligible for any instance of corporate procurement related to a matter in which they participated personally and substantially during their employment with the Bank, unless otherwise agreed by the President.

3.9. Complaint Mechanism

3.9.1. Bidders who have participated in an instance of Competitive Procurement may file written complaints to contest the Bank's decision on a contract award.

3.9.2. DG FAS shall review such complaints and respond to them. If DG FAS determines such a complaint is substantive in nature and not frivolous, DG FAS shall refer the complaint in a timely manner to the Corporate Procurement Committee. When doing so, DG FAS shall propose a recommended course of action to the Committee for consideration.

3.9.3. Any written complaint relating to an instance of Competitive Procurement that refers to a suspected Prohibited Practice shall be referred immediately to the Compliance, Effectiveness and Integrity Unit in accordance with the Bank's Policy on Prohibited Practices.

3.10. Misprocurement

3.10.1. If DG FAS determines, based on reasonable and reliable information, that a given instance of procurement has taken place but inconsistent with the requirements of the Corporate Procurement Policy, this Directive or relevant Administrative Guidance, DG FAS shall make best efforts to suspend the procurement immediately and submit the matter in a timely manner for consideration by the Corporate Procurement Committee. When doing so, DG FAS shall propose a recommended course of action to the Committee for consideration.

4. Approval and Signatory

4.1. Approval

4.1.1. For Goods, Works or General Services:

a) The Head of the Requesting Department approves:

i) purchase order valued below USD10,000.

ii) amendment to purchase order if the proposed amendment adding to all previous amendments and the original purchase order price has an accumulated value below USD10,000.

b) DG FAS approves:

- i) Bid evaluation and contract if the proposed contract or purchase order has a value of or above USD10,000 and below USD400,000.
- ii) Direct Selection of Supplier pursuant to 3.7.2 if the proposed contract or purchase order has a value of or above USD10,000 and below USD400,000.
- iii) Contract or purchase order amendment if the proposed amendment adding to all previous amendments and the original contract price has an accumulated value of or above USD10,000 and below USD400,000.

4.1.2. For Consulting Services,

- a) The Head of the Requesting Department approves the selection of Consultant for assignment of a value below USD50,000.
- b) DG FAS approves:
 - i) Proposal evaluation and contract if the proposed contract has a value of or above USD50,000 and below USD400,000.
 - ii) Direct Selection of Consultant pursuant to 3.7.2 if the proposed contract has a value of or above USD50,000 and below USD400,000.
 - iii) Contract amendment if the proposed amendment adding to all previous amendments and the original contract price has an accumulated value below USD400,000.

4.1.3. For all types of corporate procurement, the Corporate Procurement Committee approves:

- a) bid evaluation and contract if the proposed contract has a value of or above USD400,000.
- b) Direct Selection pursuant to 3.7.2 if the proposed contract has a value of or above USD400,000.
- c) Contract amendment if the proposed amendment adding to all previous amendments and the original contract price has an accumulated value of or above USD400,000.

4.2. Signatory Authority consistent with the Directive on the Designation of Signatory Authority

4.2.1. For procurement of Goods, Works or General Services:

- a) The Head of the Requesting Department may sign a purchase order with a value under USD10,000 and purchase order amendment if the proposed amendment adding to all previous amendments and the original purchase order price has an accumulated value of or below USD10,000.

- b) DG FAS, under the delegation of VP CAO, signs contracts or purchase orders with values of or above USD10,000 and contract amendment if the proposed amendment adding to all previous amendments and the original contract price has an accumulated value of or above USD10,000.

4.2.2. For Consulting Services, DG FAS, under the delegation of VP CAO, signs all contracts and contract amendments.

5. Implementation

5.1. Vice President, Chief Administration Officer

- 5.1.1. VP CAO shall monitor the implementation of the Corporate Procurement Policy and this Directive. VP CAO shall establish an Administrative Guidance to (1) ensure this Directive is consistently interpreted and applied by all staff and (2) provide additional content where required to ensure the efficient implementation of this Directive.

5.2. Director General, Facilities and Administrative Services Department

- 5.2.1. DG FAS shall oversee and ensure the efficient and accurate implementation of the Corporate Procurement Policy, this Directive and related Administrative Guidance.

5.3. Facilities and Administrative Services Department

- 5.3.1. FAS shall be the functional authority for all corporate procurement undertaken by the Bank.
- 5.3.2. FAS shall exercise this authority by supporting Requesting Departments in planning their corporate procurement needs, providing guidance to Requesting Departments on corporate procurement, negotiating and processing contracts, and recording all instances of corporate procurement undertaken by the Bank. The Department shall provide guidance to the Requesting Departments on the requirements of the Corporate Procurement Policy, this Directive and Administrative Guidance established by VP CAO. FAS shall be responsible for preparing an annual Corporate Procurement Plan. FAS shall prepare an annual corporate procurement report for review by the Corporate Procurement Committee and submit the report to the Chief Internal Auditor.

5.4. Requesting Departments

- 5.4.1. The Requesting Departments shall prepare budget requests for planned corporate procurement for inclusion in the Bank's annual administrative budget and are responsible for keeping corporate procurement expenses of their respective departments within the approved budget allocations for the purpose. Any modifications to the approved budget allocations should be requested and handled according to the Administrative Guidelines on Budget Management issued by the Strategy, Policy and Budget Department.

- 5.4.2. The Requesting Departments shall, where applicable, consolidate all related purchasing requests from end users in accordance with relevant Administrative Guidance.
- 5.4.3. The Requesting Departments shall be responsible for providing to FAS all information requested by FAS for the purpose of the Corporate Procurement Plan.
- 5.4.4. The Requesting Departments shall prepare and be responsible for the technical requirements needed for corporate procurement to be undertaken in an efficient and accurate manner.
- 5.4.5. If a proposed procurement contract is to be used by more than one department, the department that will benefit most from the procurement shall be designated, at the discretion of DG FAS, to be the Requesting Department for the purpose of this Directive.
- 5.4.6. The Requesting Department shall submit a copy of the purchase order or Contract to FAS for recordkeeping and Contract management if the purchase order or Contract is signed by the Requesting Department pursuant to 4.2.
- 5.4.7. The Requesting Department has the primary responsibility of managing and monitoring the delivery of Goods, Works, General Services or Consulting Services in compliance with the contracts before endorsing claims by the Suppliers or Consultants for payments to Office of the Controller.
- 5.4.8. The Information Technology Division shall be responsible for developing the Bank's Information Technology strategy in consultation with other departments and establishing the Bank's information technology standards. The information technology strategy and standards shall serve as a basis for the Division to develop the Bank's information technology corporate procurement requirements and specifications. The Division shall be the Requesting Department for the procurement of all information technology hardware and standard software. For bespoke software providing a unique function required by a different department, that department shall be the Requesting Department.

5.5. Strategy, Policy and Budget Department

- 5.5.1. The Strategy, Policy and Budget Department shall prepare the institutional and departmental budgets including budgets for corporate procurement-related expenses in consultation with each department in line with AIIB's strategic priorities and in accordance with applicable Policies, Directives and Administrative Guidance of the Bank.

5.6. Office of the Controller

5.6.1. The Office of the Controller shall be responsible for managing, monitoring and processing payments to suppliers or consultants in accordance with applicable Policies, Directives and Administrative Guidance of the Bank.

5.7. Office of the Treasurer

5.7.1. The Office of the Treasurer shall make payment to suppliers or consultants in accordance with applicable Policies, Directives and Administrative Guidance of the Bank.

5.8. Office of the General Counsel

5.8.1. The Office of the General Counsel shall provide legal advice to the Facilities and Administrative Services Department with respect to draft contracts that contain significant and substantive legal issues.

6. Authority

6.1. VP CAO shall make all final decisions regarding the application of this Directive.