



## **Chapter VIII**

# **Good and Services Procurement Procedure**

## **I. GENERAL PROVISIONS**

### **A. Procurement of Goods and Services**

1. Procurement Related to Loan Operations, Investment Projects, and Technical Assistance Programs
2. Corporate Procurement
3. Other Procurement

### **B. Hiring Practices**

1. Applicable Principles and Standards
2. Prohibited Practices. Sanctions and Cross-debarment.

### **C. Conflict of Interest**

1. Conflict of Interest between the Consulting Firm or Individual Consultant and the Hiring Party
2. Conflict of Interest between One or More Parties to a Formal Bidding Process
3. Conflict of Interest in Other Circumstances

### **D. Administration, Budget, and Human Resources Committee**

### **E. Prices and Forms of Payment**

1. Bid Pricing
2. Payment Schedule
3. Taxes
4. Returns
5. Invoices

### **F. Solicitation Documents**

### **G. Legal and Contractual Remedies**

### **H. Miscellaneous Provisions**

1. Reserved Procurement
2. Emergency Procurement
3. Incompatibility due to Kinship
4. Amendments and Contingencies
5. Confidentiality
6. Contract
7. Subcontracting

## **II. HIRING AND PROCUREMENT PROCEDURE FOR LOAN OPERATIONS, INVESTMENT PROJECTS, AND TECHNICAL ASSISTANCE OPERATIONS AND PROGRAMS**

### **A. Selection and Compensation of Individual Consultants**

These procedures are listed under Human Resources in IIC portal:

<http://iicportal/Resources/Pages/Human-Resources.aspx>

**B. Selection and Compensation of Consulting Firms**

1. Procurements for US\$100,000 or Less
2. Procurements from US\$100,001 up to and including US\$300,000
3. Procurements for US\$300,001 or More

**III. CORPORATE PROCUREMENT PROCEDURE**

- A. Procurement of Goods and Services for IIC's Internal Operations
- B. Procedure for Direct Procurement of Goods and Services and Hiring Consulting Firms
  1. Direct Procurements for US\$100,000 or Less
  2. Direct Procurements from US\$100,001 up to and including US\$300,000
  3. Direct Procurements for US\$300,001 or More
- C. Bid Pricing
- D. Presentation Requirements

**IV. OTHER PROCUREMENT**

- A. External Translators
- B. Interns
- C. External Legal Services

**V. ANNEXES**

1. GUIDELINES FOR RETAINING EXTERNAL LEGAL SERVICES
2. GUIDELINES FOR HIRING WITHOUT HAVING RECEIVED THE STIPULATED NUMBER OF BIDS

## **I. GENERAL PROVISIONS**

### **A. Procurement of Goods and Services**

These procedures apply to all direct procurements of goods and services by the Inter-American Investment Corporation (the “IIC” or the “Corporation”). Procurement is divided into three main categories: 1) procurements related to loan operations, investment projects, or technical assistance programs; 2) corporate procurements (to cover the institution’s own needs); and 3) procurements related to hiring interns, fellows, providers of external legal services, and external translators.

The Administration Division (ASM) is responsible for overseeing IDB Procurement section (IDB-PRC) in charge of formalizing all procurements following the procedures established herein and in compliance with the applicable procurement standards and regulations.

Each type of procurement is described briefly below.

#### **1. Procurement Related to Loan Operations, Investment Projects, and Technical Assistance Programs**

Procurement related to loan operations, investment projects, and technical assistance programs is that which, regardless of the source of funding (operating budget, clients resources, or technical assistance resources), is directly related to an IIC operation, project, financing program, investment, or technical assistance program.

#### **2. Corporate Procurement**

Corporate procurement is the purchase of goods and hiring of services directly by the IIC for its internal operations, as well as the purchase or lease of property to be paid for pursuant to the IIC’s corporate procurement rules and procedures.

#### **3. Other Procurement**

This category includes procurement other than corporate and project-related procurement and includes but is not limited to hiring external translators, interns, fellows (including fellows hired under the FEP pursuant to agreements with trust funds), and external legal services. When applicable, it will be coordinated with IDB Human Resources (HRD) or Legal Department (GCL).

### **B. Hiring Practices**

#### **1. Applicable Principles and Standards**

All procurements shall be conducted seeking the best value for the Corporation and complying with all standards set out in the Code of Ethics for IIC Employees<sup>1</sup>, the IIC Disclosure of

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<sup>1</sup> <http://iicportal/Resources/Pages/Ethics-and-Professional-Conduct.aspx>

Information Policy<sup>2</sup>, IIC's Framework to Prevent and Combat Fraud and Corruption<sup>3</sup>, and the IIC Operating Policy<sup>4</sup>, as applicable.

All goods and services to be procured directly with Corporation resources shall originate in member countries of the Corporation. Goods and services procured with trust fund resources shall be from member countries of the Corporation, except as provided in the relevant donor agreement. The Administration, Budget, and Human Resources Committee may authorize exceptions to these two provisions depending on the IIC's needs.

Contracts and requests for goods or services may not be artificially divided so as to reduce the amount needed to procure goods or services as specified herein. Before formally executing a contract, IDB-PRC will review and inform ASM whether a second or subsequent contract will be required with the same contractor in the same fiscal year in order to estimate the total value of all such contracts to ensure usage of the proper procurement method. The Administration, Budget and Human Resources Committee will be informed about the reasons of such decision by e-mail; committee members shall have five business days to send in their comments. If there are no comments, such decision shall be final.[1]

- Origin: The Corporation will ensure that IIC funding is used for the procurement of reasonably priced goods and services originating in member countries. However, it will not require that IIC funds be used solely for procurements of goods and services originating in any particular country.
- Transparency: All information on the Corporation and its activities will be made available to the public unless there is a compelling reason for confidentiality.
- Accountability for any and all matters intrinsic to the duties and responsibilities of Corporation employees.
- Equity: Employees will assure the equitable treatment of all Corporation members, clients, suppliers, and stakeholders.
- Impartiality: Employees will ensure that their personal values, relationships, financial interests, convictions, or nationality do not interfere with or appear to interfere with the performance of their official duties. Any employee involved in IIC procurement and contracting activities with knowledge of a relative working for or with an interest in any entity retained or about to be retained by the Corporation must report the relationship to the Ethics Office.

## **2. Prohibited Practices. Sanctions and Cross-debarment.**

The IIC requires that all bidders, suppliers, contractors, consulting firms, and individual consultants adhere to the highest ethical and integrity standards during the selection process and/or execution of a contract. As appropriate to each specific transaction, IIC will require bidders, suppliers, contractors, consulting firms and individual consultants to contractually covenant:

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<sup>2</sup> [http://www.iic.org/sites/default/files/pdf/disclosure\\_of\\_information\\_policy\\_in\\_english.pdf](http://www.iic.org/sites/default/files/pdf/disclosure_of_information_policy_in_english.pdf)

<sup>3</sup> [http://www.iic.org/sites/default/files/pdf/framework\\_to\\_prevent\\_and\\_combat\\_fraud\\_and\\_corruption\\_0.pdf](http://www.iic.org/sites/default/files/pdf/framework_to_prevent_and_combat_fraud_and_corruption_0.pdf)

<sup>4</sup> <http://iicportal/Resources/Manuals/Pages/Home.aspx>

- (1) Not to incur in corrupt, coercive, fraudulent, collusive or obstructive practices (together “Prohibited Practices” as further defined in IIC’s Framework to Prevent and Combat Fraud and Corruption) in the context of IIC-financed activities;
- (2) Report to the IIC all suspected Prohibited Practices related to IIC-financed activities of which they have knowledge or become aware during the selection process and throughout the negotiation or execution of a contract; and
- (3) Assist the IIC in investigating any allegations of Prohibited Practices related to IIC-financed activities, including uncovering any evidence of Prohibited Practices, if applicable.

The IIC may not engage firms or individuals sanctioned for violation of IIC’s or IDB’s anti-fraud and corruption policies. IDB-PRC or HRD as applicable shall ensure that no firm or individual invited to bid on, or awarded a contract for goods or services under these Procedures, appears in the list of sanctioned firms and individuals published by the IDB Office of Institutional Integrity, or in the list of debarment decisions by other international financial institutions subject to IDB Group enforcement pursuant to the Agreement for Mutual Enforcement of Debarment Decisions of April 9, 2010.

For procurement of goods or services under contracts, [2] the firm or individual to whom a contract is to be awarded will be checked against international databases for money laundering, lack of integrity, etc.

### **C. Conflict of Interest**

Conflict of interest means any situation or event where IIC staff’s or consultants,’ personal and/or financial interest, be it direct or indirect, is in conflict or potential conflict with those of the institution, interfere with the performance of their duties, or lead them to act for motives that are contrary to their responsibilities. This includes IDB personnel involved in the provision of procurement or hiring services to IIC.

#### **1. Conflict of Interest between the Consulting Firm or Individual Consultant and the Hiring Party**

Consulting firms or individual consultants who have conflicts of interest shall not be hired.

A conflict of interest occurs if the individual consultant or the consulting firm, its partners, managers, other technical or professional staff, or subcontractors are relatives of an IIC staff member (see paragraph F.3 in this section, Incompatibility due to Kinship.)

The IIC may take into account other circumstances in order to determine whether there is conflict of interest, and, if so, rule that the consulting firm or individual consultant is ineligible.

#### **2. Conflict of Interest between One or More Parties to a Formal Bidding Process**

Under penalty of disqualification, there may be no conflict of interest between one or more participants in a formal bidding process. A conflict of interest between a consulting firm or individual consultant and one or more participants in a bidding process occurs if:

- a) they share majority or controlling shareholders;
- b) they receive or have received direct or indirect subsidies from another participant;
- c) they have the same legal representative in the same bidding process;
- d) they maintain a relationship, be it direct or through a third party, that enables them to obtain information on and influence other proposals or decisions by the hiring party in a bidding process; or
- e) they submit more than one proposal for any given bidding process. This rule does not apply in the case of alternative proposals, where submission of said proposals is allowed in the selection documents. This rule does not bar subcontractors from participating in more than one call for bids or from participating as a consulting firm and subcontractor in the same bidding process.

### 3. Conflicts of Interest in Other Circumstances

In addition to the situations discussed above, the IIC may take other circumstances into account on a per-case basis in order to determine whether there is a conflict of interest or a perceived conflict of interest that justifies declaring the consulting firm or individual consultant ineligible.

## D. Organization of Procurement Processes

The main parties or entities involved in a procurement process are:

- Administration, Budget, and Human Resources Committee when needed;
- ASM;
- IDB-PRC;
- the Requesting Unit ;
- the Selection Panel;
- the Evaluation Panel.

### 1. Administration, Budget and Human Resources Committee

- **Appointment.** All Committee members and alternates are appointed by the General Manager.
- **Mission.** The purpose of the Committee is to consider strategic administrative matters, including budget priorities, procurement, service level agreements (SLAs), human resources management, information technology, marketing and communications
- **Roles.**
  - a. Strategic priorities for the budget, and budget preparation and execution processes.
  - b. Strategic administrative matters, such as:
    - b1 Oversight of IIC procurement processes, including review of corporate procurement actions in excess of established thresholds;
    - b.2 The design, implementation and execution of SLAs, including the oversight of shared services and business aligned services;
    - b.3 The oversight of human resources management and deliberation of amendments to human resources policies;



- b.4 The design, implementation and execution of information technology, marketing and communications strategies; and
- b.5 Modification to the secondary organizational structure of the IIC.

In terms of Procurement, the main responsibilities are the following:

- Establishes and reviews procurement processes, resolves any conflicts arising over the interpretation of procurement policies and procedures, reviews procurement actions, and makes decisions on procurement-related issues exceeding established thresholds referred to it for its consideration.
- **Contract Award Authority.** The Committee authorizes contract awards ruled by this policy, in amounts over US\$300,000 for a single purchase or on a per annum basis. It also reviews any proposed change orders or contract modifications in amounts raising the total value of the contract to over US\$300,000.
- **Resolution of Protests.** The Committee reviews and makes final determinations on protests relating to contract awards filed by any interested party against an award determination by the Chief of ASM
- **Contract Disputes.** The Committee settles disputes with regard to contracts for over US\$300,000,
- **Sanctions.** The Committee reviews and makes final determinations on appeals filed by any interested party against a decision by the Chief of ASM to sanction a Supplier.
- **Functions**
  - Reviews and makes final determinations with respect to procedures, changes in procedures, and their implementation.
  - Reviews proposed contract awards and renewals in amounts over US\$300,000.
  - Reviews contract modifications exceeding US\$300,000 and authorizes the Chief of Administration (ASM) to proceed with the modification.
  - Makes final determinations on appeals of protests of contract awards filed by aggrieved parties.
  - Makes final determinations on appeals filed by any interested party against sanctions for non-performance by a Supplier.
  - Refers any allegations of fraud and corruption on the part of a Supplier in connection with a corporate or project-related procurement to the Ethics Office.
  - Work with the members of the Selection Panel at the recommendation of the Requesting Unit and ASM.

## 2. Selection Panel

- **Role.** The Selection Panel is responsible for evaluating the bids submitted in a Public Bidding process and making a contract award recommendation to the Administration, Budget and Human Resources Committee.
- **Appointment.** Panel members are appointed on a case-by-case basis by the Administration, Budget and Human Resources Committee at the recommendation of the Requesting Unit and ASM. The Selection Panel is composed of four (4) panel members with recognized technical qualifications and experience, including:
  - a representative of ASM who could be represented by IDB-PRC;
  - an expert from the Requesting Unit;



- a Legal Advisor;
- a technical expert in a field related to the purpose of the procurement. This member may be recommended by ASM or the Requesting Unit. The Corporation also has the option of appointing an outside member.

- **Functions**

- Reviews the Solicitation Documents prepared by the User Unit, including the Specifications, Statements of Work or Terms of Reference, evaluation criteria, and conditions of contract applicable to the procurement. The Selection Panel should bear in mind at all times that the content of the Solicitation Documents is crucial to meeting the goals and objectives of the procurement process.
- Evaluates the bids/proposals within a pre-set time frame against the evaluation criteria and eligibility requirements specified in the Solicitation Documents. No criteria other than those contained in the Solicitation Documents are used in the bid evaluation process.
- Makes a contract award recommendation to the Administration, Budget, and Human Resources Committee or ASM Chief, as applicable, explaining the specific grounds for its selection of the successful Vendor.
- Draws up and signs the minutes of all meetings, recording all decisions taken, which must be passed by an absolute majority.

### 3. Evaluation Panel

- **Role.** Evaluates the bids submitted in a Restricted Bidding process and makes a contract award recommendation to the Chief of ASM.
- **Appointment.** Panel members are appointed on a case-by-case basis by the Chief of ASM at the recommendation of the Requesting Unit and ASM. The Evaluation Panel is composed of three (3) panel members, including:
  - An expert from the Requesting Unit in charge of presenting the outcome of the evaluation process;
  - a representative of ASM/ who could be represented by IDB-PRC serving as the secretary;
  - a representative of a Unit other than the Requesting Unit.
- **Functions**
  - Evaluates all bids submitted within a pre-set time frame against the evaluation criteria and eligibility requirements specified in the Solicitation Documents. No criteria other than those contained in the Solicitation Documents are used in the bid evaluation process.
  - Makes contract award recommendations to the Chief of ASM, explaining the specific grounds for recommending that particular Vendor.
  - Draws up and signs the minutes of all meetings, recording all decisions taken, which must be passed by an absolute majority.

### 4. Administration and SLA Management Division

The Administration and SLA Management Division (ASM) includes two of the main parties involved in a procurement process, which are on different hierarchical levels, namely:

- the Chief of ASM;
- IDB-PRC.

**a. Chief of ASM**

- **Role.** Awards and resolves protests relating to procurement contracts for up to and including US\$300,000.
- **Contract Award Authority.** The Chief of ASM authorizes contract awards for up to and including US\$300,000 for a single purchase or on a per annum basis subject to approval of the procurement process conducted in each case. This official also reviews any proposed contract modifications raising the total value of a contract to an amount up to and including US\$300,000.
- **Resolution of Protests.** The Chief of ASM settles and resolves protests filed by aggrieved Suppliers or prospective Suppliers involving the solicitation or award of a contract by the Administration, Budget and Human Resources Committee. The Chief of ASM will promptly refer any protests alleging fraud and/or corruption on the part of an IIC Supplier or prospective Supplier to the Ethics Office for investigation and resolution in accordance with the established policies and procedures of that Office.
- **Contract Disputes.** The Chief of ASM settles disputes over contracts (for up to and including US\$300,000) according to the dispute resolution procedures established in the contract governing relations between the parties, including, but not limited to, allegations of breaches of contract by a Supplier against the IIC.
- **Sanctions.** After consulting with the Legal Department, the Chief of ASM may sanction a Supplier through debarment or temporary suspension from consideration for contract awards, the imposition of conditions on future contracting, reprimands, or other sanctions for performance-related reasons.
- **Functions**
  - Authorizes contract awards for up to and including US\$300,000.
  - Reviews proposed contract modifications raising the total value of a contract to an amount up to and including US\$300,000.
  - Resolves protests and disputes over contracts for up to and including US\$300,000.
  - Suspends, reinstates, and debars Suppliers for performance-related reasons.

**b. IDB-PRC**

- **Role.** Officially executes procurements in accordance with established procedures. IDB-PRC also operationalizes competitive procurement processes such as Restricted and Public Bidding process in compliance with established procedures.
- **Functions**
  - Works with the Requesting Units to draw up and amend the Corporation's Annual Procurement Plan.

- Maintains the Corporation's Consulting Firm Roster, ensuring that consulting firms meet all eligibility criteria before they are included in the roster. The roster will contain performance records for all listed firms.
- Furnishes the Administration, Budget and Human Resources Committee, the Selection Panel, and the Evaluation Panel with supporting administrative and secretarial services, including minute taking, the scheduling of meetings, etc. Support the development and updates of procurement procedures and guidelines.
- Issues any necessary procurement contracts and obtains all applicable signatures.
- Reviews specifications for clarity, completeness, and compliance with established procurement procedures and conducts appropriate procurement processes.
- Receives and safeguards bids/proposals according to applicable procurement procedures.
- Coordinates, oversees, and monitors the recording of any required bid securities and bonds and forwards them to the Finance Division for safekeeping.
- Provides the Requesting Unit with written notice of the outcome of the procurement process.
- Trains Requesting Units on procurement procedures and in the use of required forms.
- Maintains a hard-copy or electronic procurement file, whichever form is most convenient, including all documents generated and bids/proposals received in connection with the procurement, process, from the planning to the final payment stage.

## 5. Requesting Unit

- **Role.** Initiates procurement processes and monitors compliance by Suppliers with the provisions of their contracts or purchase orders.
- **Functions**
  - Assesses needs for goods and services.
  - Issues Specifications, Statements of Work, or Terms of Reference for Suppliers.
  - Prepares and submits appropriate Solicitation Documents (IFB, RFP, or RFQ) as required by established procurement thresholds.
  - Prepares and submits the Obligation of Funds (F-80) and completes the Purchase Requisition or Request for Service Agreement.
  - Identifies and selects consulting firms as required by established procurement thresholds.
  - Prepares and submits requests for and contract modifications.
  - Promptly reports any Supplier-related issues or contract disputes to ASM for review and action.
  - Oversees the day-to-day operations of Suppliers awarded contracts to ensure that all goods and services furnished are acceptable and in keeping with the contract.
  - Promptly notifies ASM of any instance in which a Supplier is not performing according to the terms and conditions of its contract.
  - Notifies ASM of the receipt of goods and services and (where applicable) furnishes it with a performance evaluation for the processing of payment requests.

- Approves invoices for services in accordance with the terms and conditions of the contract.
- Keeps a record of all actions taken in implementing the contract as part of the procurement file.

## **E. Prices and Forms of Payment**

### **1. Bid Pricing**

Bidding prices shall include, as the case may be, a detailed offered price indicating fees and travel expenses.

### **2. Payment Schedule**

The payment schedule for hiring consulting services shall be in accordance with the contract provisions and shall comply with the guidelines specified herein.

### **3. Taxes**

All vendors and consultants must comply with tax and monetary regulations required by the competent authorities. Citizens of any member country with tax liability are solely responsible for their taxes; the IIC accounting area will provide them with the requisite documents, on request

### **4. Returns**

The Requesting Unit may file a request to return any goods found to be defective or noncompliant with the specifications established in the Purchase Order. The return request is submitted to IDB-PRC for processing in accordance with the Vendor's return policy.

The Requesting Unit will submit its requests for returns to IDB-PRC with a detailed explanation of the reason for the requested return and any related needs (for replacements, refunds, etc.) Upon establishing that the return is in order, IDB-PRC will contact the Supplier for necessary instructions for returning the goods. IDB-PRC will report the feedback from the Supplier to the Requesting Unit in order to complete the return process. In some cases, the Requesting Unit may be required to submit another approved requisition or a request to revise the original purchase order or contract.

### **5. Invoices**

The Requesting Unit approves all invoices submitted for services rendered. Approved invoices are to indicate the purchase order number against which payment is to be made.

## **F. Solicitation Documents**

### **1. Invitations for Bids or Requests for Proposals**

An Invitation for Bids or Request for Quotations/Proposals specifies the closing deadline for the submission of bids, quotations or proposals and provides helpful information for the submission of bids/proposals by prospective Vendors and on the organization of the procurement process.

#### **a. Specifications, Terms of Reference, or Statements of Work**

These documents provide specific details on the technical requirements for the various goods or services to be furnished or works to be carried out, specify required quantities, provide details on any samples to be submitted, establish the award criteria and technical and financial bid evaluation criteria, and specify the arrangements and rules for contract performance.

In cases where the sole award criterion is price, with the contract to be automatically awarded to the lowest bidder, the Invitation for Bids will include a technical compliance form to be attached by prospective Vendors to their financial bid form.

#### **b. Bid or Proposal Security**

Bid or proposal security may be required as deemed necessary by the Requesting Unit to protect the interests of the IIC. Any such security requirements will be spelled out in the Solicitation Documents.

#### **c. Performance Bonds**

Performance bonds may be required as deemed necessary by the Requesting Unit to protect the interests of the IIC. Any such security requirements will be spelled out in the Solicitation Documents.

#### **d. Draft Contract**

The Solicitation Documents will include a draft contract containing all elements of the contract to be entered into with the contractor to provide prospective Vendors with all required information for their Submissions.

#### **e. Insurance Requirements**

The Requesting Unit will specify all standard supplier insurance requirements and any special insurance coverages and amounts applicable to a particular procurement as deemed necessary to protect the interests of the IIC.

### **2. Socially Responsible Procurement**

The IIC will endeavor to use socially responsible suppliers, goods, and services in all its operations. Goods and services promoting corporate environmental sustainability will be procured whenever practical and cost-effective for the Corporation to do so.

### **3. Cancellation of an Invitation for Bids or Request for Proposals**

ASM through IDB-PRC, when corresponds, may cancel a procurement process where deemed to be in the best interests of the IIC. It may also reject any bids or proposals in whole or in part, establishing a record of the reasons for its decision as part of the procurement file.

## **G. Legal and Contractual Remedies**

### **1. Contract Disputes**

All contract disputes, including, but not limited to, claims of alleged breaches of contract by a Supplier against the IIC, are settled by the Chief of ASM or his or her representative in accordance with the dispute resolution procedures established in the contract governing dealings between the parties.

### **2. Sanctions**

#### **a. Authority**

The Chief of ASM may sanction a Supplier as established in these guidelines after consulting with the Legal Department. The Chief of ASM will promptly report any alleged or suspected instance of fraud and/or corruption on the part of a Supplier to the Ethics Office for investigation and action.

ASM may sanction a Supplier for the following performance-related and other reasons:

- (1) Any violation of the provisions of a contract regarded by the Requesting Unit and the Chief of ASM as serious enough to justify a sanction, such as:
  - A deliberate failure to perform in accordance with the specifications or by the deadline established in the contract without good cause;
  - A recent history of non-performance or unsatisfactory performance under one or more contracts, unless attributable to circumstances beyond the control of the Supplier; or
- (2) Any other reasons considered by ASM as serious and compelling enough to affect its responsibility as a Supplier for the Corporation. The grounds for the use of its authority to impose sanctions are to be documented in each case.

#### **b. Notification of Sanctions**

ASM will issue a written decision with respect to the imposition of any sanction stating the reasons for its action. Copies of the notification will be promptly forwarded to the sanctioned Supplier, the Ethics Office, and the Legal Department.

#### **c. Suspension Period and Reinstatement**

The initial suspension period is six (6) months. At the conclusion of this six (6) month period, the suspended Supplier may submit information demonstrating that its status

and/or capabilities have changed, on the basis of which ASM may either reinstate the Supplier, extend its suspension for an additional six (6) months, or debar the Supplier. The decision taken by ASM on any sanction is final, barring the filing of a written appeal by the sanctioned Supplier with the Administration, Budget, and Human Resources Committee within five (5) business days from its receipt of the decision by ASM.

**d. Debarment for Reasons Other than Fraud or Corruption**

ASM may debar any Supplier failing to provide sufficient evidence of its ability to perform to the Corporation's satisfaction after one or more suspension periods or for other good cause shown.

**e. Appeal of Sanctions**

Upon the receipt of a duly and properly filed appeal against a sanction, ASM will decide whether the sanction is appropriate and in keeping with Corporation procedures. The determination by the Administration, Budget, and Human Resources Committee is final and irrevocable.

**3. Fraud and Corruption**

**a. Sanctions for fraud and/or corruption**

Any sanction for fraud and/or corruption on the part of a Supplier, including debarment, will be imposed in accordance with established procedures.

**b. Debarment for performance-related reasons**

ASM may debar any Supplier failing to provide sufficient evidence of its ability to perform to the Corporation's satisfaction after one or more suspension periods.

**H. Miscellaneous Provisions**

**1. Reserved Procurement**

Pursuant to Article IV, Section 2 of the Agreement Establishing the Corporation, the Board of Governors is vested with the power to engage the services of external auditors to examine the balance sheets and the statements of profit and loss of the Corporation.

**2. Emergency Procurement**

Emergency procurement is subject to competition insofar as practicable under the circumstances. A written determination of the grounds for the emergency and for the selection of a particular Supplier is included in the contract file.

An emergency creates an immediate need for goods or services that cannot be met through normal procurement sourcing methods, a lack of which would seriously threaten:

- the smooth functioning of IIC operations;



- the preservation or protection of human life or property.

Where possible, the Requesting Unit will submit a Purchase Requisition/Service Agreement for the required goods or services prior to the initiation of an emergency procurement, with a full written explanation of the circumstances dictating the need for an emergency procurement.

Where time constraints or circumstances preclude the submission of written documentation, the Requesting Unit will be required to obtain verbal permission to proceed with the emergency procurement from the General Manager. The required written documentation (the Purchase Requisition/Service Agreement and explanation) is to be submitted by any practicable means as soon as possible thereafter.

### **1. Sole-Source or Single-Source Procurement**

The Requesting Unit may ask the Chief of ASM to consider a waiver of competition in cases where a good-faith review of available sources establishes that a required procurement exceeding the upper threshold for small purchases does not lend itself to competitive bidding in that it meets the criteria for either a sole-source or single-source procurement as outlined below.

In a sole-source procurement, there is only one possible Supplier for the required goods or services for one of the following reasons:

- a. No other Supplier exists for those particular goods or services;
- b. The Supplier in question has exclusive geographic or other distribution rights for the required goods or services;
- c. The required item is a replacement or add-on component for proprietary commercial software or hardware available only from the manufacturer; or
- d. The required item is an upgrade, add-on component, or support for proprietary commercial software or hardware available only from the manufacturer.

In a single-source procurement, the selection of a particular Supplier without competition is justified for one of the following reasons:

- a. The services to be furnished must be in keeping with an existing methodology, or must rely on expertise, information, or the analysis of data acquired through previous work performed for the Corporation;
- b. There is a need for compatibility with previously purchased goods or services;
- c. There is only one Supplier that can meet the Corporation's delivery or other special requirements for the good or service in question (which will require an explanation).

A written explanation is required for the approval of a sole-source or single-source procurement for any required item or group of items whose total annual value is expected to exceed US\$20,000.

## **2. Staff Development**

Staff development services such as courses and training and skills development activities may be procured through direct contracting.

## **3. Leasing of Buildings**

Long-term leases, usufruct agreements, other leases, rental agreements, or hire-purchase agreements, with or without an option to buy, for land, existing buildings, or other types of real estate are not subject to competitive procurement procedures.

## **4. Procurements of Goods and Services Negotiated by or with the IDB**

Procurements of goods and services negotiated by or with the IDB (such as hardware, software, and office equipment) do not require competitive bidding or calls for proposals.

## **3. Incompatibility due to Kinship**

Relatives of staff of the Corporation up through the fourth degree of consanguinity and the second degree of affinity may not be suppliers to the Corporation; they may not work as employees of or subcontractors for a supplier of goods or services for the Corporation.

The following relatives by blood (consanguinity) are not eligible to be hired:

Parents, siblings, grandparents, great-grandparents, great-great-grandparents, children, grandchildren, great-grandchildren, great-great-grandchildren, uncles, aunts, great-uncles, great-aunts, nephews, nieces, and first cousins. Kinship by adoption is equated to kinship by blood.

The following relatives by marriage, including domestic partners (affinity) are not eligible to be hired:

Spouses, stepparents, stepchildren, stepbrothers, stepsisters, parents-in-law, grandparents-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law, and their spouses.

## **4. Amendments and Contingencies**

The Chief of ASM is responsible for proposing changes to this procedure and submitting them to the Administration, Budget and Human Resources Committee for consideration and subsequent approval by the General Manager.

Should situations arise that are not covered by this procedure, the Chief of ASM shall convene the Procurement Committee to propose amendments or exceptions.

## **5. Confidentiality**

Except for calls for proposals, information on the procurement of goods and services is deemed sensitive under the IIC's Information Disclosure Policy. Therefore, the IIC shall not disclose to third parties any information on the review, evaluation, and comparison of proposals or on recommendations for selecting and awarding contracts. In the case of public calls for proposals, the identity of the selected person or firm shall be made public after the contract has been awarded.

Any exception to this principle requires prior authorization by the Administration, Budget and Human Resources Committee chair.

Any attempt by a firm or individual consultant to influence the IIC in the review, evaluation, and comparison of offers or in the decision-making process for awarding contracts may cause the IIC to reject its proposal and bar the firm or individual consultant from participating in future bidding processes without prior authorization from the Administration, Budget and Human Resources Committee.

### **1. Consortia**

Two or more Vendors may join forces for the submission of a joint bid, quotation, or proposal. Vendors having already established a consortium or similar entity for this purpose are to include a statement to this effect in their bid/proposal and attach any and all other relevant information and clearly identify the leader of the consortium. All associates will be jointly and severally responsible for contract performance if awarded the contract.

In the case of bids or proposals submitted by a consortium, evaluations of financial or economic capacity will consider the consortium as a whole.

The IIC will require any such group to form an official association before entering into the contract, which may involve setting up a legal entity recognized in the country in question or creating a temporary joint venture or partnership that may not have legal status but affords sufficient guarantees of contract performance to protect the interests of the IIC. In addition, the Corporation will issue a written letter requesting the name and title of the person authorized to sign on behalf of the consortium and the consent of all members to be bound by his (or her) signature.

## **Alternative Procurement Methods**

### **1. Requests for Expressions of Interest (REOI)**

The Requesting Unit in coordination with IDB-PRC advertises calls for expressions of interest on the Corporation's website or as otherwise considered necessary, inviting Vendors to present themselves as candidates in a specific field, prior to the organization of recurring procurement processes (for supplies or , services). The submitted applications are examined solely against the criteria specified in the REOI.

This procedure produces a shortlist of pre-selected candidates successfully making it through the pre-evaluation stage. Applications may be submitted at any time during the period of validity of the REOI.

The Corporation may use the pre-established shortlist of candidates in awarding supply, services, or consulting services contracts for over US\$300,000. It will invite a minimum of five candidates from the list to submit bids/proposals for the contract and send them the complete Terms of Reference.

## **2. Restricted Bidding with Publication of a Procurement Notice**

The IIC may use this procedure for contracts valued at over US\$300,000. Restricted bidding processes are divided into two stages. The first stage considers only exclusion and selection criteria. The second stage evaluates the Submissions against the contract award criteria. Any interested Vendor may request to take part in this process, but only those selected in Stage 1 will be invited to submit proposals for evaluation in Stage 2.

### **a. Stage 1: Pre-selection**

Upon Unit request, IDB-PRC advertises the procurement on the Corporation's website and as otherwise considered appropriate describing the characteristics of the contract, the purpose of the procurement, the procedure for examining requests for participation (exclusion and selection criteria), and the deadline for their submission. The procurement notice also specifies whether the selection criteria include a minimum required capacity level, whether any variants will be accepted, and whether the procurement process involves an inter-agency procurement.

Prospective Vendors must strictly comply with the deadline for the submission of requests for participation and with the specifications for all documents required in the procurement notice in order for their application to be considered admissible. Applications will be examined immediately after the closing deadline for the submission of requests for participation and only selected candidates will receive an Invitation for Bids. All Vendors not selected will be notified of the outcome of the examination process.

Any interested Vendor may submit an application containing all documents required by the procurement notice as supporting evidence of their status and their economic, financial, technical, and professional capacity based on the established criteria. All candidates will be informed as to whether or not they have been selected.

### **b. Stage 2: Submission of Bids/Proposals**

Only selected candidates (i.e. candidates submitting all documents and supporting evidence required in the procurement notice and meeting the established criteria) will be invited to submit a tender by the specified deadline.

## **6. Contracts**

### **1. Types of Contracts**

Any and all types of contract serving the best interests of the Corporation may be used. Contracts may be issued in the form of a purchase order, a blanket agreement, or a written contract document.

The Legal Department will work closely with the ASM and IDB-PRC in drafting or verifying any applicable legal document prior to the execution of a given procurement.

### **2. Contract Terms**

Contracts shall have terms of up to twelve (12) months and may be renewed if needed and if the performance of the firm or individual consultant was satisfactory under the terms of the contract.

### **3. Contract Clauses**

All contracts will include necessary provisions for establishing the rights and responsibilities of the contracting parties. ASM and IDB-PRC will work with the Legal Department to draw up Standard Terms and Conditions of Agreement for use in Corporation contracts. Where necessary, the Standard Terms and Conditions of Agreement may be modified by ASM after consulting with the Legal Department.

### **4. Commencement of Work**

All purchases are to be made under valid contracts with qualified Suppliers. Suppliers may not deliver any goods or perform any services until receiving a purchase order or a duly and properly executed contract.

### **5. Contract Renewal**

ASM may authorize the renewal of a contract under the following circumstances:

- a. The Requesting Unit has made a written determination to the effect that the Supplier has performed satisfactorily;
- b. The contract term, including the renewal period, does not exceed five (5) years, under the same contract, including renewals and extensions.

### **6. Approval of Change Orders or Contract Modifications**

The Chief of ASM may approve contract modifications under the following circumstances:

- a. The original value of the contract is less than or equal to US\$300,000 and the modification does not raise the total value of the contract to over US\$300,000.

The Administration, Budget, and Human Resources Committee will review any change orders and contract modifications exceeding the above-indicated threshold amount prior to their implementation by the Chief of ASM or the Requesting Unit as applicable.

## **7. Subcontracting**

Certain tasks covered by a contract may be entrusted to subcontractors with the Corporation's official approval. However, the prime contractor (the party signing the contract) will remain fully liable for overall contract performance.

Thus, the IIC will deal solely with the prime contractor in handling any and all matters relating to the contract, even if the tasks involved have been subcontracted, since it has no direct legal relationship with the subcontractor(s).

The IIC will indicate whether subcontracting is permitted in the Invitation for Bids/Request for Expressions of Interest. If so, it will ask participants to include a statement with their quotations, bids, or proposals indicating whether or not they intend to subcontract out part of the contract and specifying the percentage of the contract they intend to subcontract, and to whom.

In the case of Vendors planning to subcontract out a relatively large percentage of the contract, the IIC may request the subcontractor to submit the same information and documentation as requested from the prospective prime contractors before formally accepting or rejecting the proposed subcontractor.

### **1. Consultants Roster**

The IIC will establish and monitor the procedures to be followed by prospective consultants wishing to register their qualifications with the IIC and will create and maintain a database of consultants verifying their compliance with all eligibility requirements.

Requesting Units are to refer any prospective consultant interested in doing business with the Corporation to ASM for further information and Registration.

### **2. Purchases with Procurement Cards**

ASM may administer a Procurement Card program to facilitate small purchases in amounts up to US\$20,000 by authorized cardholders and electronic billing against purchase orders and contracts in cases where such transactions by the Corporation are deemed appropriate and cost-effective. Applicable procedures and controls are established in the IDB's Purchasing Card Program Policies and Procedures.

### **3. Request for Information**

A Request for Information (RFI) is used to collect market or list price data to facilitate budget planning by the Requesting Unit. An RFI is not used to solicit bids or proposals or any cost or price data related to a bid or proposal. No contracts or purchase agreements are awarded through this process.

The Corporation may issue a Request for Information soliciting information, data, comments, or reactions from prospective Suppliers with respect to state-of-the-art technology, designs, or technical literature on products, systems, technologies, or

services. The Corporation evaluates the submitted information to determine which product, system, or technology should be targeted by a future Solicitation, typically a Request for Proposals.

This procedure is commonly used as a research tool to obtain the latest industry information and help the Corporation determine the most appropriate technology for its intended use. No contracts are awarded in this process.

#### **4. Right of Nondisclosure**

Information furnished by prospective Vendors as part of a procurement process is confidential and may not be disclosed to any parties outside the Corporation without the Vendor's prior written consent.

## **II. HIRING AND PROCUREMENT PROCEDURE FOR LOAN OPERATIONS, INVESTMENT PROJECTS, AND TECHNICAL ASSISTANCE OPERATIONS AND PROGRAMS**

The selection and procurement of goods and services and/or individual consultants and consulting firms needed for executing loan operations, investment projects, and technical assistance operations and programs to be funded in full or in part by the IIC and/or with trust fund resources must be in compliance with the provisions set forth in this section and in the formal agreements with the trust funds.[3]

ASM is responsible for formalizing all procurements as per the applicable procurement standards, regulations, procedures, and guidelines.

### **A. Selection and Compensation of Individual Consultants**

The selection process and compensation of Individual Contractuals (Complementary Workforce) is processed by the IDB Human Resources Department. The corresponding procedures can be found in IIC portal at <http://iicportal/Resources/Pages/Human-Resources.aspx>

### **B. Selection and Compensation of Consulting Firms**

Requirements for selecting suppliers of goods and/or services based on the estimated cost of the contract shall be as follows. There will be cases when it is not possible or practical to obtain the number of estimates required for the procurement amount involved. In these cases, the requesting area shall submit an exception request, along with an explanation, to the ASM Chief.

Taking into account the institution's needs and other practical issues, ASM may authorize a direct award and notify the members of the Administration, Budget and Human Resources Committee, who will have five (5) business days to make comments or convene a meeting to decide on the issue if the procurement value is US\$300,001 or more.

Annex 2 includes a non-exhaustive list of reasons for awarding a contract when the required number of estimates has not been obtained.



### **1. Procurements for US\$100,000 or Less**

Purchases for a total amount of up to US\$100,000 are considered small and are made via a direct contract as per the following provisions:

- a) Up to and including US\$20,000, no competitive bidding is required. The procurement will be the responsibility of the requesting area, and purchases may be made from any firm.
- b) From US\$20,001 up to and including US\$100,000, the requesting area shall be responsible for selecting the service provider and soliciting estimates from a minimum of two (2) firms (the chief of the requesting area shall approve, by signing, the selection of the winning candidate and shall justify the selection in writing).

### **2. Procurements from US\$100,001 up to and including US\$300,000**

For procurements from US\$100,001 up to and including US\$300,000, a formal bidding process shall take place as per the following provisions:

- a) The chief of the requesting area will select the winner among a minimum of three (3) written offers submitted by firms or individual consultants and will justify the selection in writing.

### **3. Procurements for US\$300,001 or More**

For purchases of US\$300,001 or more, the Administration, Budget and Human Resources Committee shall be convened to inform it that a large procurement is being processed, submit an Invitation for Bids prepared by the Requestor (the notice of the Invitation for Bids shall, at least, be posted on the IIC's public website, [www.iic.org](http://www.iic.org)), and establish the deadline for the submission of bids.:

- a) After the deadline for submission of bids, the Administration, Budget and Human Resources Committee shall convene to begin with the selection process. If fewer than five proposals were received, the Administration, Budget and Human Resources Committee will determine if the process should proceed.
- b) The Administration, Budget and Human Resources Committee will appoint a selection panel at the recommendation of the Requestor and ASM including the requesting area, to open and review the proposals. This panel will analyze the proposals based on the criteria established in the Terms of Reference.
- c) Before awarding a contract it will be checked if any of the qualified participants have been sanctioned by the IIC or the IDB or are incompatible due to kinship (see Section I).
- d) The Administration, Budget and Human Resources Committee will award the contract. ASM will inform each participant of the final decision and will proceed with the hiring process.

### **III. CORPORATE PROCUREMENT PROCEDURE**

#### **A. Procurement of Goods and Services for IIC's Internal Operations**

This procedure establishes the guidelines for the direct procurement of goods and services processed by ASM through IDB-PRC. This section includes procurements related to administrative or capital purchases needed for corporate operations.

#### **B. Procedure for Direct Procurement of Goods and Services and Hiring Consulting Firms**

Requirements for selecting suppliers of goods and/or services based on the estimated cost of the contract shall be as follows. There will be cases when it is not possible or practical to obtain the number of proposals required for the procurement amount. In these cases, the requesting area shall submit an exception request to the Chief of ASM, including an explanation. Taking into account the institution's needs and other practical issues, ASM may authorize a direct award and notify the members of the Committee, who will have five (5) business days to make comments or convene a meeting to decide on the issue.

Annex 2 includes a non-exhaustive list of reasons for awarding a contract when the required number of estimates has not been obtained.

##### **1. Direct Procurements for up to and including US\$20,000**

Purchases for a total amount of up to and including US\$20,000 are considered small and are made via direct hiring as per the following provisions:

a) Up to and including US\$20,000, no competition is required. Procurement will be the responsibility of the requesting area, and purchases may be made from any firm.

##### **2. Informal Competition for contracts ranging in value from US\$20,001 up to and including US\$100,000.**

From US\$20,001 up to and including US\$100,000, the requesting area shall be responsible for selecting the service provider and shall solicit an estimate from a minimum of two (2) firms to be submitted in writing or by electronic means. The chief of the requesting area shall approve, by signing, the selection of the winning candidate and justify the selection in writing.

##### **3. Restricted Bidding from US\$100,001 up to and including US\$300,000**

For procurements from US\$100,001 up to and including US\$300,000, a restricted bidding process shall take place as per the following provisions:

a) The chief of the requesting area will select the winner among a minimum of three (3) written offers submitted by suppliers and will justify the selection in writing.

#### **4. Public Bidding for US\$300,001 or More**

For purchases of US\$300,001 or more, the Administration, Budget and Human Resources Committee shall be convened to inform it that a larger procurement is being processed, submit a request for proposals prepared by ASM through IDB-PRC (which shall, at least, be posted on the IIC's public website, [www.iic.org](http://www.iic.org)), and establish the deadline for the submission of proposals. As per the following guidelines, at least five (5) proposals should be received:

- a) After the deadline for submission of bids, the Administration, Budget and Human Resources Committee shall convene to begin with the selection process.
- b) The Administration, Budget and Human Resources Committee will appoint a selection group, including the requesting area, to open and review the proposals. This group will analyze the proposals based on the terms of reference, the price, the experience of the participant, and the quality of the product offered.
- c) Before awarding a contract it will be checked whether any of the qualified participants have been sanctioned by the IIC or the IDB or are incompatible due to kinship (see Section I).
- d) The Administration, Budget and Human Resources Committee will be notified of the contract award. ASM will inform the participants of the final decision and will proceed with the hiring process.

#### **C. Bid Pricing**

Bidding prices must include a breakdown of the offered price, customs duties, sales tax, and other general taxes paid or payable in the supplier's country of origin.

#### **D. Presentation Requirements**

Suppliers that participate in a bidding process shall strictly comply with all of the requirements set out in the call for proposals.

### **IV. OTHER PROCUREMENT**

Other Procurement procedures for engaging external translators, interns, fellows, and external legal counsel are set out below.

#### **A. External Translators**

ASM maintains a roster of freelance translators who have passed a blind-graded translation test and signed an open-ended service and confidentiality agreement.

## **B. Interns**

The [Internship Program](#) at IIC is coordinated and processed by the IDB Human Resources Department.

## **C. External Legal Services**

Legal advice and services provided to the IIC by external (non-staff) counsel. (See Annex 1 for details on the guidelines for retaining external legal services.) External legal services contracts are not administered through ASM.

## **V. ANNEXES**

### **ANNEX 1**

#### Guidelines for Retaining External Legal Services

##### 1. Introduction

1.1 These guidelines establish the criteria and procedures for retaining external counsel to provide legal advice to the IIC. The objective of these guidelines is to ensure an impartial, transparent, and consistent selection process in accordance with the IIC's general procurement practices.[4]

1.2 The General Counsel is responsible for interpreting, modifying, and applying these guidelines, with the assistance of the Executive Senior Attorney and the Project Attorneys.

##### 1. Selection Process and Criteria for Retaining External Legal Services

2.1 The General Counsel, the Executive Senior Attorney, and/or the Project Attorney shall estimate the range of legal fees for the work required, based on their past experience in the relevant market, together with information gathered from other sources. Based on this estimate, the selection process is divided into two categories, as follows:

2.2 If estimated legal fees are US\$20,000 or higher:

2.2.1 The external legal service provider will be selected on the basis of fee estimates and experience, through a request for quotes sent to at least two reputable and experienced law firms or legal professionals.

2.2.2 Together with the General Counsel and/or the Executive Senior Attorney, the Project Attorney will choose, preferably from the database of law firms kept by the Legal Division, at least two law firms or legal professionals from which the IIC will request fee estimates.

2.2.3 The Project Attorney will contact each of the firms invited to provide estimates in order to explain the services requested and to provide basic information such as the name of the client, its shareholders, and the structure of the proposed transaction. Each law firm invited to submit a quote shall confirm, either verbally or by e-mail, the absence of any potential conflict of interest.

2.2.4 The Project Attorney shall then send an invitation letter requesting estimates of legal fees, as per Specimen A (IICDocs#69168). Along with the requested estimate, the law firm must include, as applicable, (i) the proposed fixed and/or contingent fee, and/or a breakdown of billable hours for the project phases, and the billing rate for the attorneys who will work on the project; (ii) anticipated costs and expenses (such as filing fees), to the extent known; and (iii) written confirmation of the absence of any conflicts of interest.

2.2.5 Once the proposals are received, the Project Attorney will prepare a comparative matrix, as per Specimen B (IICDocs#121547), with the information provided by the firms and a

recommendation to the General Counsel, and to the Executive Senior Attorney in the case of origination projects.

2.2.6 The Executive Senior Attorney and/or the General Counsel shall analyze the matrix, the proposals, and the recommendation of the Project Attorney, taking into consideration (a) the attorney team proposed by the law firm; (b) the level of experience in the specific sector; (c) past experience with the IIC; (d) billable rate and fee estimates; and (e) any other conditions deemed material for the particular selection process. The General Counsel will select the firm that will best protect the IIC's interests and offers the best cost-benefit ratio, according to the criteria set forth above.

2.3 If estimated legal fees are less than US\$20,000:

2.3.1 The General Counsel may authorize the selection of an external legal service provider without a competitive process if the estimated legal fees are less than US\$20,000. In the absence of a competitive process, the selection must be based on the firm's or legal service provider's successful prior experience with the IIC and/or recognized expertise and reputation in the relevant market.

2.3.2 In all cases of direct appointment, the Project Attorney shall follow Subsections 2.2.3 and 2.2.4 above.

2.3.3 The General Counsel, the Executive Senior Attorney, and/or the Project Attorney shall ensure that the external legal service provider has the resources to provide the services and that the estimates are consistent with current market rates.

### 3. Engagement of External Legal Service Providers

Once the external legal service provider is selected, the Project Attorney will prepare an engagement letter as per Specimen C (IICDocs#69163) and D (IICDocs#69166), when applicable, establishing in detail the terms and conditions of the engagement, including (a) scope of the services and responsible team; (b) estimated fees, costs, and expenses (including filing fees), and billing rates (when applicable); (c) payment and billing; (d) duration of the engagement; (e) confidentiality provisions (when applicable bar rules and laws merit supplementation); and (f) conflict of interest clearance.

The Project Attorney shall then submit the engagement letter to the General Counsel's Office for execution through the procedure established the last section of this Annex.

Once the engagement letter has been executed, only the General Counsel has the authority to sign or amend the terms thereof.

The Project Attorney may send a letter of appreciation to those law firms that participated in the competitive process but were not selected for the engagement, as per Specimen E (IICDocs#69170).

The Legal Division shall keep a database of all law firms or legal service providers it has engaged. Project Attorneys are responsible for updating the database with respect to the regions in which they work and shall provide their comments about the services provided by the firms and legal professionals they engage. (See an updated list of active external counsel in IICDocs#100163.)

### 4. Legal Fees

The Legal Division shall always strive to select and engage quality legal services at rates that are consistent with prevailing market conditions for the type of work, background, and relevant experience required. For this reason, the Legal Division shall regularly conduct market research on legal fees.

4.1. Depending on the nature of the work to be performed, and subject to local bar rules, external legal service providers may structure their fees as follows:

4.1.1 On a billable-hours basis, providing fixed billable rates for the attorneys discharging the work, a reasonable estimate of the hours required to complete the assignment, and an estimate of other associated costs and expenses, such as filing fees. All engagement letters for work based on billable hours will contain a reasonable estimate of hours and fees required to complete the work and a provision to the effect that (i) the IIC shall be notified in advance when billable hours reach 75% of the estimate, and (ii) any work exceeding the maximum estimated fees shall be previously approved by the IIC.

4.1.2 On a fixed-fee basis, for specific and well defined engagements such as issuance of legal opinions or filings with government agencies, or for recurring and predetermined services such as corporate affairs maintenance or service of process agency.

4.1.3 On a contingent-fee basis, for a fixed percentage of any amounts recovered in litigation or settlement, excluding IIC's costs and other charges.

4.1.4 Any combination of two or more of the above stated fee structures.

#### 5. Procedures for Special or Emergency Engagements

5.1 In the following cases, the General Counsel may authorize departure from the selection and engagement procedure outlined in Sections 2 and 3 above:

5.1.1 Follow-on Projects. If deemed beneficial, the IIC may engage the same law firm or service provider that participated in the previous project, without a competitive process. In all cases, Subsections 2.2.3 and 2.2.4 and Section 3 shall be observed.

5.1.2 Time-sensitive Situations. These guidelines do not apply to the engagement of legal counsel for time-sensitive situations, as determined by the General Counsel, including the imminent threat of litigation, preemptive filings, or other emergency matters. In those cases, the General Counsel will seek to engage, to the extent possible, a law firm or legal counsel that has previously worked with the IIC. If no such firm or legal counsel is available, or if the matter requires specific expertise, the potential candidate(s) will be asked to provide an estimate of legal fees prior to engagement, whenever possible, for approval by the General Counsel.

5.1.3 Institutional Matters and General Legal Services. The General Counsel may retain external legal service providers with appropriate expertise for institutional matters, for questions related to banking and finance law, public international law, or other laws applicable to the IIC as a multilateral organization, or other points of law related to the IIC's operations in general, without a competitive process and/or without meeting the requirements set forth in Sections 2 and 3, provided that estimated fees do not exceed US\$20,000.

5.2 Any exception to these guidelines requires prior written approval from the General Counsel and, in all cases, the law firm or legal service provider shall be engaged using the Engagement Letter format for project origination and Special Operations Unit (SOU) engagements, or by any other means satisfactory to the General Counsel, including, but not limited to, via e-mail exchange.

#### 6. Procedure for Engagement of External Legal Service Providers

6.1 With respect to project-related work, together with the final version of the engagement letter, the Project Attorney shall submit to the General Counsel's Office an agreement in writing among project team members (and, if necessary, relevant area coordinators) on how to satisfactorily cover (with the appraisal fee or other source of funds) all or at least the estimated legal fees for the first phase of the relevant engagement (in project origination and the due diligence and preliminary structuring phases).



6.2 The Project Attorney shall obtain evidence of the request for transfer of funds from the investment officer to the Finance Division to cover the estimated legal fees. Such transfer shall take place immediately after receiving payment of the appraisal fee (or other) from the client and shall be deposited into the Legal Retainer Account.

6.3 In addition, the Project Attorney shall request the processing of a purchase order [5] in order to cover all legal fees of the relevant engagement. Funds under the relevant purchase order shall be used by the IIC to cover the cost of legal services, including but not limited to the following cases:

- (i) There is a previous understanding between the IIC and the client that legal fees will be paid totally or partially by the IIC from the appraisal fee (or other);
- (ii) The client refuses to pay the total legal fees incurred in connection with the project or agrees to pay only a part of said fees; and
- (iii) There is no client, and the IIC is responsible for the payment (treasury operations, equity funds, technical assistance, etc.)

6.4 Once the engagement is completed, the Project Attorney shall:

- (i) Carefully track the payment of legal fees. If the client is to pay the legal fees directly to the external counsel, the Project Attorney shall verify that all legal fees are paid. If such fees are to be paid by the IIC, the Project Attorney shall verify with the external counsel that all invoices have been received by the IIC. In either case, the Project Attorney should first review and approve all external counsel invoices before authorizing payment of such fees; and
- (ii) Finally, after confirming that all legal fees are paid, request the cancellation of the purchase order. At year end, purchase orders that still reflect a liability for the IIC shall remain active until all invoices are paid either by the client or the IIC.

## **ANNEX 2**

### **GUIDELINES FOR HIRING WITHOUT HAVING RECEIVED THE STIPULATED NUMBER OF BIDS**

There are suppliers consulting firms, or individual consultants that can be hired by the IIC because they offer certain institutional or corporate advantages that significantly improve procurement execution or administration. These advantages, which may allow hiring without a bidding process, must comply strict criteria including, but not limited to:

- When replacing consultants with technical expertise in the IT area would mean significant loss of institutional knowledge and thus affect the continuity of expertise and impact project deadlines and deliverables.
- When selecting and/or changing IIC hardware or software vendors would adversely impact existing IIC standards and/or produce additional implementation expenses that would adversely impact the benefits of selecting such new vendors and/or be incompatible with existing IT platforms.
- The selection of rating agencies does not require a bidding process.



- Demonstrated capacity to coordinate individual experts and prepare specialized and consolidated reports that allow for simultaneous coordination in different countries, whenever needed.
- Demonstrated capacity to continue providing support to a project or operation beyond the initial contract term.
- Demonstrated capacity to assist borrowers or investment or loan project beneficiaries beyond what was stipulated in the contract between them and the IIC, when services or work performed require improvements or maintenance.
- Capacity to help borrowers or beneficiaries in managing loan operations, investment projects, or technical assistance operations or programs.
- Demonstrated capacity to facilitate implementation of loan operations, investment projects, and technical assistance operations and programs under a contract, as well as demonstrated capacity to contribute to timely disbursement of funds.
- Support system ensuring a high level of quality control during the consulting services contract period.

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[1] For engaging external legal counsel, any reference to ASM in this section shall be construed as a reference to the Legal Division.

[2] The Procurement Committee may change this amount in keeping with the IIC's needs.

[3] Should there be discrepancies between these provisions and any formal agreement signed with a donor, the latter shall prevail, as determined by the Procurement Committee.

[4] In line with the IDB's Corporate Procurement Policy (AM401 – GN-2303, Section 3.3E, as amended from time to time), the procurement of external legal services by the IIC shall be the responsibility of the General Counsel of the Corporation and shall be considered special procurement not subject to the requirements of the IIC's Procurement Procedure because of the sensitive and specialized nature of legal services in protecting institutional interests and because unique situations exist that make the application of such general procedures potentially counterproductive. This includes the management of the procurement process, oversight of the quality and nature of the work, and the setting of reasonable fees. The General Counsel shall make the final decision as to which providers will be prequalified and selected for specific work.

[5] Purchase Order can be processed from different IIC accounts: (i) from the LGL Recoverable Project Consulting Budget Account for any project that has funds available in the Legal Retainer; (ii) from the Rebillable Account for any project that does not have funds available in the Legal Retainer account but the client will pay the legal fees directly to the external counsel or via advance payment from the IIC; (iii) from the LGL Non-recoverable Project Consulting account for any project that does not have funds available in the Legal Retainer account and it is not expected that the client will pay the legal fees directly to the external counsel; (iv) from Special Accounts, Trust Fund Accounts, or other IIC Accounts (e.g., the Korean Trust Fund Account); (v) from the LGL Non-recoverable Other Corporate account (e.g., treasury operations); and (vi) the Litigation Account.