



**IDB INVEST
PROCUREMENT
MANUAL**

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CHAPTER I - INTRODUCTION

1.1 Purpose

The Inter-American Investment Corporation (“IDB Invest”) Procurement Manual (the “Manual”) establishes the rules and procedures applicable to all types of Procurement¹ conducted by IDB Invest.

It is designed to be used by all IDB Invest Organizational Units (“Organizational Units”) responsible for conducting or requesting Procurement in the context of their respective administrative and operational activities. The Manual clarifies and streamlines processes, promotes transparency and accountability, and reduces reputational risk. It provides a governance structure for the selection, contracting, and management of Suppliers that provide Goods, Services and Consulting Services to IDB Invest.

1.2 Scope

There are two (2) distinct types of Procurement conducted by IDB Invest that are covered by this Manual and its Annexes. These are:

1. for IDB Invest’s own internal and institutional needs² (“Corporate Procurement”); and
2. for the design, preparation, execution, supervision, restructuring and evaluation of Financial Solutions or Non-Financial Solutions that support IDB Invest’s development agenda (collectively, “Project-related Procurement”).

The hiring of staff and complementary workforce is beyond the scope of this Manual and is managed under established IDB Invest staff rules and procedures.

Special arrangements for Financial Procurement and Legal Procurement are outlined in section 2.13 below.

1.3 Structure

This Manual contains a set of general rules and procedures that apply to the above listed types of Procurement conducted by IDB Invest, as well as annexes that establish additional specific procedures for each type of Procurement based on their respective nature and distinct features (the “Annexes”), as follows:

- Chapter I - Introduction: states the purpose and scope of the Manual, its contents, and the principles that must guide all Procurement activities at IDB Invest.
- Chapter II - Procurement at IDB Invest: states general rules applicable to all types of Procurement.

¹ The term “Procurement” is understood to encompass the acts of buying, purchasing, contracting for, renting, leasing, provisioning, obtaining or otherwise acquiring any Goods, Services, Consulting Services and/or real property for IDB Invest’s administrative and/or operational purposes., as further defined in Annex 1 “Glossary of Terms.”

² This includes, without limitation, the Procurement of consulting, professional, technical, and facilities support services such as food services, facilities management, security, and janitorial services; construction and related design and engineering services; information technology services; computer software and hardware systems; office furnishings and equipment; physical plant operating equipment and supplies; and the purchase or lease of real property.

- Annex 1: Glossary of defined terms.
- Annex 2: Procedures for Corporate Procurement.
- Annex 3: Procedures for Project-related Procurement.

The above cited Annexes are incorporated to the Manual by reference herein. In the event of any conflict or inconsistency between the provisions of Chapter II and the provisions of an Annex to this Manual, the provisions of such Annex in conflict shall prevail.

Capitalized terms that are used but not defined within this Manual shall be construed to have the meaning indicated in Annex 1.

1.4 Guiding Principles and General Considerations

In all IDB Invest Procurement matters, the principles of Transparency, Equality, Integrity and Value for Money aimed at achieving Economy and Efficiency must guide the activities of all involved parties (the “Guiding Principles”).

Organizational Units must carry out Procurement activities in accordance with the Guiding Principles, as well as the rules contained in the IDB Invest Code of Ethics and Professional Conduct (the “Code of Ethics”), this Manual and related procedures, which provide for appropriate oversight, efficient processes, competitive selection of suppliers where appropriate, and utilization of the skills and services provided for under service level agreements with the IDB, as applicable.

IDB Invest shall consider a fit-for-purpose approach both to the intended outcomes and the Procurement arrangements in determining the most appropriate approach to meet IDB Invest’s internal needs as well as sustainability objectives and outcomes, considering the context, the need for high-quality Goods, Services and Consulting Services and the risk to human health and the environment, value, nature, and complexity of the Goods, Services and Consulting Services to be Procured.

The Manual will be subject to an initial review by the Administration Committee three (3) years as of the date it becomes effective, and every three (3) years periodically thereafter. The Administration Committee will decide the manner and scope for such review on a case-by-case basis.

CHAPTER II - PROCUREMENT AT IDB INVEST

2.1 Application and Interpretation

Each Annex identifies the designated IDB Invest Department Manager with overall authority over the application of this Manual to the type of Procurement covered by such Annex. For the avoidance of doubt, a Department Manager's authority extends to all Procurement conducted within the scope of the respective Annex that grants such authority, regardless of the Organizational Unit to which a Requesting User belongs.

In addition, each Annex indicates whether the type of Procurement covered therein may be conducted by any Organizational Unit, or any applicable restrictions associated therewith.

The Administration Committee is responsible for the final determination of issues that may arise regarding the interpretation of this Manual.

This Manual must be applied and interpreted (i) in a manner that is consistent with the principles and criteria set forth in IDB Invest policies, regulations, mandates, and procedures, as approved and amended from time to time by the IDB Invest Board of Governors, the Board of Executive Directors and Management, respectively, and (ii) in observance of any specific additional or distinct requirements that may derive from contractual arrangements that govern the use of Donor Funds by IDB Group institutions.

2.2 Roles and Responsibilities

2.2.1 Requesting Users

Requesting Users have the primary responsibility to conduct Procurement in accordance with the provisions of this Manual, its Annexes, its Guiding Principles, and other IDB Invest policies and procedures, as applicable.

Each Annex establishes the procedures that Requesting Users must follow with respect to each type of Procurement to comply with the specific requirements of the Procurement type in scope for such specific Annex, and any other applicable requirements pursuant to Chapter II of this Manual.

2.2.2 Department Managers

Department Managers are, within the scope of each Annex, responsible for:

- (i) developing and proposing to the Administration Committee any modifications to this Manual for their consideration;
- (ii) developing and approving standard operating procedures, directives, and/or guidelines that are in alignment with the provisions of this Manual to be followed routinely by Requesting Users for the performance of designated Procurement activities and tasks;
- (iii) providing overall oversight of the relevant Procurement activities over which they have authority and ensuring compliance with the provisions of this Manual;

- (iv) reviewing recommendations for contract awards and awarding contracts in accordance with the thresholds established in each Annex;
- (v) monitoring compliance with record-keeping for all Procurement activities, in line with the IDB Invest Records Management Directive and Records Retention Schedule;
- (vi) establishing and maintaining databases of Suppliers that certify compliance with all IDB Invest eligibility requirements;
- (vii) deciding on contract disputes and enforcement;
- (viii) deciding on protests made by aggrieved Vendors or Suppliers;
- (ix) reporting to the Office of Institutional Integrity (“OII”) any known or suspected Prohibited Practices by a Vendor or a Supplier, as required of all employees of the IDB Group by the Code of Ethics and the IDB Invest Integrity Framework (the “Integrity Framework”)³;
- (x) ensuring that reporting required for implementation and monitoring of SLAs are prepared in a timely fashion, if applicable; and
- (xi) any other Procurement matter within their scope of authority, as defined within this Manual and/or under each respective Annex.

Except as otherwise stated throughout this Manual, each Department Manager may delegate one or more of their respective responsibilities under this Manual to one or more Designees, as appropriate and as specifically indicated within each Annex.

2.2.3 Administration Committee

The Administration Committee is responsible for independent oversight and review of the application of this Manual and its Annexes with respect to all types of Procurement.

Such oversight and review function includes, without limitation:

- (i) verifying adherence to the provisions of the Manual and its Annexes by Requesting Users;
- (ii) providing a final determination of issues that may arise regarding the interpretation of this Manual;
- (iii) reviewing and making final determinations regarding approval or rejection of modifications to this Manual that may be proposed by Department Managers;
- (iv) reviewing recommendations for contract awards and renewals in excess of established thresholds, and authorizing each Department Manager or their Designees to award, modify or renew a contract, as applicable and as specified within each Annex;

³ Document CII/GN-170-15

- (v) reviewing Change Orders or Contract Modifications in excess of established thresholds, as applicable and as specified within each Annex;
- (vi) reviewing and making final determinations on any appeal by an aggrieved party regarding the protest of a Solicitation or of a contract award; and
- (vii) rendering decisions on Procurement issues that may be submitted for its consideration by any Requesting User through a Department Manager.

2.2.4 Legal Department

The IDB Invest Legal Department (“GCL”) provides institutional and legal advice to Department Managers, the Administration Committee, Corporate Procurement (“PRC”), and Requesting Users on all types of Procurement, as further detailed throughout this Chapter II and as specified within each Annex.

2.2.5 PRC

Pursuant to an SLA between IDB Invest and the Budget and Administrative Services Department of the IDB, the Corporate Procurement and Contracts Group of the Budget and Corporate Procurement Division (“PRC”) provides Procurement services to Requesting Users on Corporate Procurement and Project-related Procurement, in the manner and to the extent detailed in the SLA, this Chapter II, and Annexes 2 and 3, respectively.

2.3 Types of Procurement Contracts

2.3.1 Types of Contracts

Subject to the limitations of this section, any type of contract that will promote the best interests of IDB Invest may be used. Contracts shall be issued in the form of a written contract document.

Requesting Users shall not request any Vendors or Suppliers to provide any Goods or perform any Services or Consulting Services without the prior written execution of a contract, or a Statement of Work (“SOW”), as applicable and as may be required in each case. Any such irregular requests shall be deemed non-compliant with IDB Invest regulations and may subject such Requesting Users to corrective action⁴ in accordance with applicable IDB Invest rules and procedures, as determined by the corresponding authorities on a case-by-case basis.

2.3.2 Multi-Year Contracts

A contract may be entered into for any period of time deemed to be in the best interests of IDB Invest, provided that:

- (i) the term of the contract and conditions of renewal or extension, if any, are included in the Solicitation,

⁴ Corrective action shall be determined in accordance IDB Invest Staff Rule I-28 - Compliance with Corporation Regulations.

- (ii) if applicable, funds are available for the first fiscal year at the time of contracting,
- (iii) applicable competition requirements are observed by Requesting Users, as established within each Annex, and
- (iv) the contract term, including renewals and extensions, shall not exceed five (5) years.

Exceptions to the five (5) year contract term limitation are granted for the specific items listed below:

- (a) License fees, maintenance and support Services or Consulting Services of licensed/subsorption software and/or systems containing Supplier-proprietary intellectual property that must be supported by its owner may be contracted for the planned lifetime of the licensed software or system, regardless of the length of the term.
- (b) The reappointment of the external auditor for one successive five-year term.
- (c) Periodical or online subscriptions necessary for business needs.
- (d) Retainer agreements for the provision of Legal Services by External Counsel, as defined in Annex IV.
- (e) From time to time, certain Services or Consulting Services may be identified for which a new Competitive Bidding process every five (5) years may not be practical or in the best interests of IDB Invest. In such situations, a business case fully justifying the request must be prepared by the Division Chief of the Approving Unit and submitted to the Administration Committee for consideration.

2.3.3 Master Services Agreements

IDB Invest may enter into Master Services Agreements (“MSAs”) with qualified Suppliers or Consulting Firms to provide Services or Consulting Services, as contemplated within the Terms of Reference of each MSA and as per the procedures established in each Annex.

Once an MSA has been executed, IDB Invest will issue Statements of Work (SOW) that will define the specific requirements for Services or Consulting Services to be delivered or performed by a Supplier or Consulting Firm in accordance with the terms and conditions of such MSA. For the avoidance of doubt, each SOW is deemed to be a contract in itself and is subject to any applicable competition requirements as per the thresholds established within an Annex.

Suppliers or Consulting Firms will only provide Services or Consulting Services to IDB Invest under an MSA upon IDB Invest’s formal issuance and execution of an SOW. Each MSA shall establish the process to be followed by Requesting Users and Suppliers for the provision of Services or Consulting Services under an SOW.

As a general rule, an MSA will not limit the number of SOWs that may be awarded thereunder. However, each SOW shall be issued at the rates set forth in the MSA and, to the extent applicable, within the maximum allowable dollar amount for the Services or Consulting Services to be provided under the MSA, if specified therein. For the avoidance of doubt, MSAs are subject to the five (5) year contract term limitation set forth in 2.3.2 above.

Whenever a Requesting User seeks to issue a SOW under an MSA which at execution does not specify the maximum allowable dollar amount thereunder, or an MSA that is executed with no pre-identified expenditures, such Requesting User must observe any competition requirements that may apply to the specific type of Procurement being conducted, as established within each Annex.

2.3.4 Contract Clauses

All IDB Invest contracts shall include provisions necessary to define the responsibilities and rights of the parties to the contract. Unless otherwise specified within an Annex, GCL shall establish and modify the standard terms and conditions to use in IDB Invest contracts.

Regardless of the amount of a Procurement or the source selection method used, Requesting Users and, where applicable, PRC, must consult with GCL on legal and institutional issues that may arise in the negotiation of contracts with Vendors, Suppliers or Consulting Firms, as applicable, including, without limitation, any deviations from standard terms and conditions, or, where applicable, any requests to enter into contracts with IDB Invest using different forms of agreements than those authorized by GCL.

2.3.5 Commencement and/or Continuation of Work

No work corresponding to Services or Consulting Services shall commence, nor any Goods be delivered, under any IDB Invest contract until all conditions precedent as specified in the contract documents have been met, including, but not limited to:

- (i) The contract has been duly executed by IDB Invest and the Supplier or Consulting Firm.
- (ii) where required, the Supplier or Consulting Firm has furnished any documentation required thereunder, including, without limitation, certificates of insurance, performance bonds, payment bonds, or any other form of required documentation, as applicable.

In addition, no work corresponding to the continuation of Services or Consulting Services under an expired contract may be requested from a Supplier or a Consulting Firm until an amendment extending the term of such contract is executed by IDB Invest.

2.3.6 Change Orders and Contract Modifications.

2.3.6.1 Contract Renewal

A contract may be renewed provided that:

- (i) the Requesting User makes a written determination that the Supplier or Consulting Firm has performed satisfactorily;
- (ii) the initial contract establishes the possibility of renewal; and
- (iii) the contract term, including the renewal period, does not exceed five (5) years unless otherwise provided for under this Manual or authorized by the Administration Committee.

A contract that does not provide for renewal must be updated via an amendment for such purposes. An amendment will be made, and a contract extension will be negotiated with the Supplier or Consulting Firm following any internal clearance that may be required based on contract value, in accordance with each Annex.

2.3.6.2 Approval of Change Order or Contract Modification

Change Orders may be issued, or Contract Modifications may be pursued, in the event a Requesting User requires an adjustment in the scope of service or other contractual term, once all necessary approvals have been given in accordance with the requirements established in each Annex. Contract modifications only become effective when executed in writing by both parties through a contract amendment.

2.4 Procurement Planning and Source Selection

2.4.1 Methods of Source Selection

Each Annex establishes all eligible methods of source selection for the type of Procurement covered therein, and the procedures that must be followed in each case by Requesting Users and, where applicable, Evaluation Panel members.

All IDB Invest Procurement contracts shall be awarded by one of the following eligible methods of source selection:

- (i) *Small Purchase*: This method does not require competition given the low value of the Goods or Services and is conducted as per the conditions and thresholds established within each Annex. The Small Purchase method does not require Public Notice.
- (ii) *Informal Competition*: This method is conducted pursuant to informal competition procedures at the thresholds established within each Annex. The Informal Competition method does not require Public Notice.
- (iii) *Formal Competition*, which includes:
 - (a) *Competitive Bidding*: This method is conducted pursuant to formal competition procedures at the thresholds established within each Annex and is appropriate when a requirement can be clearly and completely defined, and the basis for the award is primarily pricing. The Competitive Bidding method requires Public Notice of an IFB and is primarily used for the Procurement of Goods; and
 - (b) *Competitive Proposal*: This method is conducted pursuant to formal competition procedures at the thresholds established within each Annex and is appropriate when a requirement is complex, and the award will be made on *some* combination of evaluated factors such as management, technical and cost considerations, or when the appropriate authorities determine that the use of Competitive Bidding is either not appropriate or not advantageous to IDB Invest. The Competitive Proposal method requires Public Notice of a Request for Proposal (RFP) and is primarily used for the Procurement of Services or Consulting Services.

For the avoidance of doubt, IDB Invest may pre-qualify Bidders for a Competitive Bidding process, or Offerors for a Competitive Proposal process, through a published request for prequalification documents and an invitation to identified Suppliers when it is in the best interests of IDB Invest to ensure, in advance of competition, that solicitations are extended only to Suppliers capable of meeting IDB Invest's requirements. The pre-qualification process is intended to provide IDB Invest with sufficient data on a Supplier's organization, capacity, performance, and financial condition to determine the Supplier's qualifications to perform.

- (iv) Cooperative Purchasing: In accordance with its guiding principles of transparency, efficiency, competition and fairness, IDB Invest may sponsor, conduct, administer, or participate in cooperative purchasing agreements with one or more other organizations, including those negotiated by the IDB, for the Procurement of any Goods or Services, so long as (a) IDB Invest enters into its own agreement(s) with the Supplier, and (b) such agreement(s) represent Best Value for IDB Invest, as determined by the appropriate authorities per the thresholds in each Annex. Any such Cooperative Purchasing does not require additional competition procedures to be followed by IDB Invest, nor does it require Public Notice.

- (v) Non-competitive Procurement: This method does not entail elements of a competitive process. Non-competitive Procurement is followed whenever a contract must be awarded without competitive bids or proposals. It is only appropriate if it presents a clear advantage over the competition and is properly justified:
 - (a) for Services or Consulting Services that represent a natural continuation⁵ of previous work carried out by the Supplier;
 - (b) when only one Vendor is qualified or has experience of exceptional worth for the required Services;
 - (c) when there is only one proprietary source from which the Goods, Services or Consulting Services may be obtained, or
 - (d) under any additional and exceptional circumstances specific to the nature of each type of Procurement, as explicitly defined within each Annex.

Non-competitive Procurement is an exceptional method of source selection. As such, it requires (a) a written and properly justified determination from the corresponding approval authority of an Approving Unit that, after conducting a good faith review of available sources, the required Goods, Services or Consulting Services are not suitable to competitive bids or proposals, and (b) a written validation and approval of such determination by a Department Manager or their Designee, or of the Administration Committee, as applicable.

For the avoidance of doubt, any Designee that receives a delegation from a Department Manager to validate and approve Non-competitive Procurement may not validate and approve Non-competitive Procurement selections from their own Approving Unit. In any such cases, Designees must seek validation and approval from the corresponding Department Manager or of the

⁵ For the avoidance of doubt, natural continuation shall be construed as any contract amendment or extension, or any Change Order or Contract Modification.

Administration Committee, as applicable.

- (vi) *Emergency Procurement*: Notwithstanding any other provision of this Manual, the Chief Finance and Administration Officer may make or authorize others to make emergency procurements when there exists an immediate need to protect life or property or to prevent or minimize serious disruption of business continuity; provided that such emergency procurements shall be made with such competition as is practicable under the circumstances. The circumstances invoked to justify extreme urgency must not be attributable to IDB Invest or IDB Invest staff. A written determination of the basis for the emergency and for the selection of the Vendor shall be included in the contract file.

All Vendors participating in a Procurement opportunity and all Suppliers or Consulting Firms, their respective subcontractors, sub-consultants, service providers or suppliers, and any of their respective employees or agents, shall report to OII all suspected Prohibited Practices related to IDB Invest Procurement activities of which they have knowledge or of which they become aware during the selection process or throughout the negotiation or execution of a contract⁶.

2.4.2 Contract Value Determination

The following criteria must be observed with respect to contract value determination:

- (i) The calculation of the estimated value of a Procurement shall be based on the total amount payable, including any form of option and any renewals of the contracts as explicitly set out in the requirements.
- (ii) Regarding Master Service Agreements, the value to be taken into consideration shall be the maximum estimated value of all the Statements of Work envisaged for the total term of the contract.
- (iii) Where the Goods, Services or Consulting Services may result in contracts being awarded in the form of separate lots or SOWs, account shall be taken of the total estimated value of all such lots or SOWs. Where the aggregate value of the lots or SOWs is equal to or exceeds the threshold laid down for the use of a particular procurement method, that method shall apply to the awarding of each lot or SOW.
- (iv) Where the supply of Goods, Services, or Consulting Services is regular in nature or intended to be renewed within a given period, the calculation of the estimated contract value shall be based on the following:
 - (a) either the total actual value of the successive contracts of the same type awarded during the preceding twelve (12) months; or
 - (b) the total estimated value of the successive contracts awarded during the twelve (12) months following the first delivery.

⁶ Information on how to present allegations of Prohibited Practices, the applicable rules regarding the investigation and sanction process and the agreement regulating the mutual recognition of sanctions among the IFIs are available on the IDB's website: www.iadb.org/integrity.

2.5 Evaluation Panels

Procurement conducted pursuant to Informal Competition or Formal Competition may require the appointment of an Evaluation Panel, as determined within each Annex. An Evaluation Panel is responsible for evaluating bids or proposals submitted in a competitive Procurement process and making a contract award recommendation to the corresponding authority. Evaluation Panels shall evaluate bids or proposals based on (i) the criteria set forth in an IFB or RFP, as applicable, and (ii) the weights established by Evaluation Panels prior to receiving bids or proposals, as applicable.

In determining Evaluation Panel membership, the corresponding authorities as per each Annex must seek to appoint both members that possess technical skills and/or institutional knowledge that are materially relevant to the evaluation of submitted bids or proposals, as well as members that represent the Organizational Unit that is the recipient of the Goods, Services or Consulting Services.

In addition, Evaluation Panels should have a diverse membership, and require an inclusive and respectful work environment for the discussion and evaluation of bids or proposals, in line with the Code of Ethics.

2.6 Source Selection and Conflicts of Interest

2.6.1 Conflicts of Interest for Suppliers and Consulting Firms

Suppliers and Consulting Firms are required to provide professional, objective, and impartial advice and hold IDB Invest's interest paramount, without expectations for future work. In providing such advice, Suppliers must strictly avoid conflicts with other contract assignments, whether or not related to the specific procurement, personal conflicts with respect to an IDB Group employee, or their own corporate interests.

Conflicts of interest might arise when a Supplier or a Consulting Firm is influenced by considerations unrelated to the assignment. Suppliers and Consulting Firms shall not be hired for any assignment that would conflict with their previous or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interest of IDB Invest. A Supplier or a Consulting Firm may not work simultaneously for IDB Invest and an outside party with competing interests, without prior written approval from the corresponding Department Manager or their Designee overseeing the selection and contracting activity.

All Requesting Users and Evaluation Panel members are responsible for proactively mitigating any risks to IDB Invest that may arise from any real or perceived conflicts of interest with respect to any Suppliers or Consulting Firms and must avoid any situation involving a conflict (or the appearance of a conflict) between their respective personal interests and their responsibilities to IDB Invest in the context of conducting Procurement, in accordance with the Code of Ethics.

Requesting Users and Evaluation Panel members shall provide all necessary and timely confirmations, including, without limitation, a certification, with regard to personal conflicts of interest related to the Procurement of Goods, Services, or Consulting Services from a Vendor before each contract award.

Vendors shall confirm that they do not have a conflict of interest or the appearance thereof at the submission stage of a proposal. Principals or other members of a Supplier or a Consulting Firm may not work for IDB Invest as individual consultants while employed by, or affiliated with, a Supplier or Consulting

Firm currently contracted by IDB Invest on directly related up or downstream assignments.

2.6.2 Conflicts of Interest for IDB Group employees

All IDB Group employees participating in or providing support to any aspect of an IDB Invest Procurement activity, including, without limitation, the selection process, contract supervision, contractual amendments, and payments, are subject and must adhere to the Code of Ethics.

All Department Managers or their Designees, Requesting Users and Evaluation Panel members are required to promptly disclose to the Office of Ethics (“ETH”) any personal conflicts of interest with respect to Vendors or any aspect of the specific procurement. Where a conflict or a situation that could potentially be a conflict arises, Requesting Users and Evaluation Panel members should always disclose them to their respective supervisors and seek guidance from ETH.

Pursuant to the Code of Ethics, Requesting Users and Evaluation Panel members shall observe the following restrictions:

- (a) **Former Employment.** Except with the authorization of ETH, Requesting Users and Evaluation Panel members may not make Procurement recommendations or participate in Procurement decisions affecting a former employer for the relevant period established in the Code of Ethics after accepting employment with IDB Invest. After the relevant period, if there is still a possible real or perceived conflict of interest, Requesting Users and Evaluation Panel members should consult with ETH before doing any work related to the former employer.
- (b) **Prospective Employment.** Requesting Users and Evaluation Panel members must not allow the performance of their duties to conflict with, or be affected by, possible or prospective outside employment. As such, Requesting Users and Evaluation Panel members must disclose to their supervisor and consult with ETH if they have (i) initiated an application process for a job vacancy or a consulting opportunity with a Bidder, Offeror or Vendor being considered for a Procurement opportunity, and (ii) a reasonable expectation that they may be hired as an employee or as a consultant of any such Bidder, Offeror or Vendor within four (4) years following termination of IDB Invest employment or services.
- (c) **Subsequent Employment.** Except with permission from ETH, following employment or contractual services with IDB Invest, Requesting Users and Evaluation Panel members may not work on behalf of any entity that does business with IDB Invest, or is negotiating to do business with IDB Invest, on any project, transaction or initiative that they personally and substantially participated in while employed at, or providing services to, IDB Invest. This restriction holds true for the relevant period established in the Code of Ethics following termination of IDB Invest employment.
- (d) **Relatives of IDB Invest employees.** When evaluating proposals, Requesting Users and Evaluation Panel members must observe the restriction set forth in 2.10.2 (c) with respect to relatives of IDB Invest employees and should consult with ETH as appropriate.

Requesting Users and Evaluation Panel members should note that failure to observe these restrictions may constitute misconduct.

2.7 Financial Responsibility in Source Selection

Regardless of the applicable method of source selection, all Requesting Users must issue internal requests for Goods, Services or Consulting Services considering the full scope and financial cost of the underlying activity, project or solution for which they are being procured, including all stages or phases, with due regard for the established thresholds for competition set forth in each Annex. Possible continuity for downstream work shall be identified in the initial selection process, as explained in each Annex. Requesting Users shall ensure that appropriate funds are available for the Procurement of all Goods or Services contemplated in the Terms of Reference before executing a contract.

Artificial division of internal requests for Goods, Services or Consulting Services is not permitted, and Solicitations must not be artificially divided to avoid competitive methods of source selection. Any such division shall be deemed non-compliant with IDB Invest regulations and may subject such Requesting Users to corrective action in accordance with applicable IDB Invest rules and procedures, as determined by the corresponding authorities on a case-by-case basis.

2.8 Publication of Contract Award Information

IDB Invest shall publish the following information on the IDB Invest website with respect to Procurement contract awards:

- (i) The name of the Supplier or Consulting Firm;
- (ii) The value of the contract;
- (iii) The nature of the Goods, Services or Consulting Services provided; and
- (iv) The method of source selection.

Notwithstanding the above, IDB Invest (a) shall not publish any information on Procurement contract awards that it deems confidential and covered under one or more exceptions to disclosure under the IDB Invest Access to Information Policy, and (b) will not proactively publish any information on Small Purchases. Terms of Reference documents may be publicly shared upon request unless deemed confidential under one or more exceptions to disclosure under the IDB Invest Access to Information Policy.

In addition, and with respect to Procurements conducted pursuant to Competitive Bidding or Competitive Proposal, all Offerors must be notified of the results from a competitive process, including those that do not receive a contract award.

Each Department Manager or their Designee shall issue standard operating procedures for the Procurement under their respective scope of authority to ensure IDB Invest complies with the above-listed transparency commitments.

2.9 Terms of Reference and Specifications

2.9.1 Responsibility for Terms of Reference or Specifications.

Regardless of the type of Procurement, all Requesting Users have primary responsibility for the development and revision of Terms of Reference for Services or Consulting Services, or Specifications for Goods.

Under no circumstances are Requesting Users authorized to commission Vendors to prepare or assist in the development of Terms of Reference, with the exception of Suppliers or Consulting Firms that may be contracted specifically by IDB Invest to support the preparation of Terms of Reference for a separate Procurement in which said Suppliers or Consulting Firms will not participate. In addition, Requesting Users may not use proposals received from Suppliers or Consulting Firms to create or modify any Terms of Reference.

2.9.2 Standardization

In cases where Goods are identified for institution-wide use by the Administration Committee, such Goods will be considered IDB Invest standard items, and will be purchased through the same source established in the initial Procurement for the item, without further competition.

2.9.3 Maximum Practicable Competition

All Requesting Users must develop Terms of Reference or Specifications that seek to promote overall economy and encourage competition in satisfying IDB Invest's needs, without being unduly restrictive to ensure they allow for free and open competition, and that those which eliminate some brands or Vendors do so to reasonably meet the needs of IDB Invest.

The requirements of this section shall also apply to all Terms of Reference or Specifications prepared by non-IDB Invest personnel, including but not limited to those prepared by architects, engineers, designers, and consultants.

2.9.4 Socially Responsible Procurement

To the extent practicable, IDB Invest Procurements will endeavor to integrate socially responsible Suppliers, Goods, Services and Consulting Services. Goods, Services or Consulting Services that promote social and environmental sustainability will be Procured whenever practical and cost-effective. IDB Invest will follow IDB standards for use of socially and environmentally sustainable products and, to the extent applicable, will incorporate such standards into the applicable contracts.

2.9.5 Insurance Requirements

Contract templates shall contain the required insurance for the corresponding type of Goods, Services or Consulting Services, as applicable. Where IDB Invest cannot enter into an agreement with a Supplier on a contract template approved by GCL, Requesting Users must consult with PRC to determine appropriate insurance requirements for the Procurement in question.

2.10 Supplier Management

2.10.1 Supplier Eligibility

(a) Prohibited Practices and Integrity

Pursuant to the Integrity Framework, all Vendors participating in a Procurement process and all Suppliers or Consulting Firms, including their respective employees and agents (irrespective of whether the agency is express or implied), are required to adhere to the highest ethical and integrity standards. This requirement extends to any subcontractors, subconsultants, service providers or suppliers that Vendors include in their proposal or that Suppliers or Consulting Firms use during the execution of a contract.

If a Vendor, a Supplier or a Consulting Firm, their respective subcontractors, subconsultants, service providers or suppliers, or any of their respective employees or agents is found to have engaged in a Prohibited Practice in accordance with the IDB Group's Sanctions Procedures, they may be sanctioned pursuant thereto. Such determination and the imposition of any resulting sanctions shall be governed by the IDB Group's Sanctions Procedures.

In addition, a Vendor, a Supplier or a Consulting Firm, their respective subcontractors, subconsultants, service providers or suppliers, or any of their respective employees or agents may be subject to debarment sanctions pursuant to agreements between the IDB or IDB Invest and other International Financial Institutions ("IFIs") regarding the mutual enforcement of debarment decisions.

In addition, if IDB Invest determines that a Vendor, a Supplier or a Consulting Firm, their respective subcontractors, subconsultants, service providers or suppliers, or any of their respective employees or agents may have violated the laws of a country, IDB Invest may refer the matter to appropriate law enforcement authorities.

Integrity risks must be identified and mitigated for all types of Procurement, in accordance with the Integrity Framework. On the advice from, and in consultation with, GCL through its compliance function and OII, each Department Manager shall adopt standard operating procedures, directives and/or guidelines for integrity due diligence ("IDD") on proposed Vendors to be conducted prior to the award of any contract, and, where applicable, throughout the life of a contract with Suppliers or Consulting Firms. If an IDD identifies that a Vendor presents an integrity or reputational risk, IDB Invest may determine not to proceed with the contract award or may require specific mitigation measures.

Each Supplier and Consulting Firm shall be required to represent and warrant, as part of its engagement, that it will comply with specific requirements related to Prohibited Practices and applicable anti-money laundering and countering the financing of terrorism laws and regulations, as detailed in the applicable Procurement contract.

Requesting Users and, where applicable, Evaluation Panel members, shall immediately report any known or suspected Prohibited Practices by a Vendor, a Supplier or a Consulting Firm to the Office of Institutional Integrity, as required by the Code of Ethics and the Integrity Framework.

(b) Personal Data Protection and Privacy

IDB Invest is committed to the protection and privacy of personal data, in line with international standards and best practices. This includes personal data that is processed on behalf of IDB Invest by Suppliers and Consulting Firms.

Requesting Users must ensure that personal data is only transferred to Suppliers and Consulting Firms in accordance with the IDB Group Personal Data Privacy Policy and must conduct due diligence to determine Vendor eligibility in accordance with all applicable requirements established within any guidelines, procedures, and other implementation measures thereunder, as each may be approved and communicated by IDB Invest Management or other appropriate authorities from time to time.

(c) General Eligibility Requirements

Vendors are ineligible to participate in, be invited to bid on, or compete for, Procurement opportunities with IDB Invest, and for receiving contract awards to provide IDB Invest with Goods, Services or Consulting Services, or to benefit from such contracts financially or in any other manner, if:

- (i) The Vendor or any parent company, subsidiaries or previous form of organization constituted by, or with, any of the same individual(s) as principal(s), is currently debarred⁷: (1) by the IDB or IDB Invest; or (2) by another IFI and recognized by the IDB or IDB Invest pursuant to any agreement the IDB or IDB Invest may have for the mutual enforcement of sanctions; or
- (ii) the Vendor appears on any sanction list observed by OII.

In addition, to be considered eligible to do business with IDB Invest, a Vendor must be able to represent both during the selection process and, where applicable, within any executed contract, that it has:

- (iii) been operating under its business name for a period of not less than one year;
- (iv) multiple business clients;
- (v) the financial capacity to perform if awarded a contract by IDB Invest. Financial capacity will be assessed by comparing the Vendor's revenues to the value of the proposed contract(s);
- (vi) or can obtain insurance providing the coverage limits that may be required as per each contract;
- (vii) been in business for a period of time sufficient to have the qualifications and experience required to provide the Goods, Services or Consulting Services it proposes to provide and that it has verifiable references of other users for which it has provided similar Goods, Services or Consulting Services; and
- (viii) no conflicts of interest with regard to the relationships of its personnel with IDB Invest personnel or with regard to any financial holdings or transactions, or with any other participant in a specific Procurement in which the Vendor intends to participate.

⁷ i.e., debarred pursuant to the IDB Group's Sanctions Procedures relating to Prohibited Practices, described at www.iadb.org/integrity.

2.10.2 Restrictions

(a) Former IDB Invest or IDB Staff

Suppliers and Consulting Firms may not hire former IDB Invest or IDB staff to work on IDB Invest contracts as a Supplier or Consulting Firm employee or subcontractor if the IDB Invest or IDB staff member (i) is subject to any work restriction by virtue of their former employment with IDB Invest or IDB or an agreement signed upon conclusion of that employment; (ii) left IDB Invest or IDB because of misconduct; (iii) has not concluded a period of twelve (12) months from the termination date of their employment with IDB Invest or IDB, or (iv) worked personally and substantially in the project to which the Services or Consulting Services are related.

(b) Former IDB Invest or IDB Complementary Workforce

Former IDB Invest or IDB complementary workforce who are not eligible for rehiring as such under IDB Invest and IDB Complementary Workforce Regulations are also ineligible for an IDB Invest contract award as a Supplier or Consulting Firm, and/or to be assigned to work as a Supplier or Consulting Firm employee or subcontractor on IDB Invest contracts. In addition, former IDB Invest and IDB complementary workforce are also ineligible for an IDB Invest contract award as a Supplier or Consulting Firm if they worked personally and substantially in the project to which the Services or Consulting Services are related.

(c) Relatives of IDB Invest Staff and Complementary Workforce

Relatives of active IDB Invest staff and complementary workforce within and including the fourth degree of consanguinity and the second degree of affinity are not eligible to work on IDB Invest contracts as a Supplier, a Consulting Firm, as a subcontractor or as an employee of a Supplier or a Consulting Firm. The term "Relatives" includes: spouse, domestic partner, mother, father, brother, sister, child, uncle, aunt, nephew, niece, (son-daughter-brother-sister)-in-law, grandparent, grandchild, first cousin, step-(parent--children-brother-sister), (parent or grandparent)-in-law, spouses of brothers-in-law or sisters-in-law, great (grandchild-uncle-aunt-nephew-niece-grandparent) and great-great (grandparent-grandchildren).

In addition, Vendors, Consulting Firms and Suppliers (including their shareholders, directors, key personnel, and sub-consultants) that have a business or employment relationship with an IDB Invest staff member or complementary workforce prior to or during the execution of the contract must disclose such relationship to IDB Invest throughout the selection process and the execution of the contract for its evaluation and resolution.

2.10.3 Diversity

IDB Invest shall seek to:

- (a) integrate socially and sustainably responsible Suppliers, Consulting Firms, Goods, Services and Consulting Services;
- (b) promote and expand business opportunities for entities owned or managed by women, afro-descendants, indigenous persons, LGBTQ+, and persons with disabilities, emphasizing measurable results and continuous growth, with the objective of expanding their involvement in IDB Invest's business;

- (c) encourage the development and use of national Vendors of its borrowing member countries as well as the promotion of minorities; and
- (d) integrate specifications and criteria that advance the protection of environmental and environment, social progress and in support of economic development, namely by seeking resource efficiency and improving the quality of Goods, Services and Consulting Services procured and while also optimizing costs.

2.10.4 Authorization for the Use of Electronic Records

Wherever this Manual requires a record to be in writing, an Electronic record is authorized.

2.10.5 Authorization for the Use of Electronic Transactions

IDB Invest may conduct any Procurement transaction by Electronic means or in Electronic form. Procedures shall be adopted regarding identification, security, confidentiality and the utilization of Digital Signatures.

2.11 Legal and Contractual Remedies

2.11.1 Protests

(a) Submission of Protests

Any participant in a Procurement process who is aggrieved in connection with the Solicitation or award of a contract (the "Protestor"), or any party the Protestor has formally designated to IDB Invest to intervene on its behalf, may protest to the corresponding Department Manager.

A Protestor that wishes to protest may do so at any time during a Procurement process but no later than ten (10) business days following the award publication date. Protest notifications that are submitted after the ten (10) business days following the award publication date, or that do not indicate a basis for the complaint or protest will not be considered.

The Protestor shall submit the protest in writing, specifying the basis for such protest. All protests will be submitted by standard mail or email at the respective addresses posted on each Annex.

Requesting Users or other IDB Invest staff or complementary workforce receiving protests from Protestor must immediately refer them to the Department Manager of the Approving Unit without further discussion or communication with the Protestor. Any allegation of Prohibited Practices, whether included in a protest or otherwise, must be immediately referred to OII, regardless of when it is presented.

(b) Stay of Procurement during Protests

In the event of a timely submission of a protest and where a contract has not yet been awarded, IDB Invest shall not proceed further with the selection process or with the awarding of the contract, unless the corresponding Department Manager, after consultation with the Approving Unit and GCL, makes a written

determination that the award of the contract without delay is necessary to protect substantial interests of IDB Invest.

(c) Protest Resolution

Each Department Manager shall have the authority to settle and resolve protests submitted by Protestors within their scope of authority. For the avoidance of doubt, a Department Manager's authority to settle and resolve protests cannot be delegated to a Designee.

If the protest alleges any Prohibited Practice on the part of a Vendor, a Supplier, a Consulting Firm or IDB Invest, the corresponding Department Manager shall immediately refer the matter to OII for investigation and resolution.

Where the protest of an aggrieved Vendor pertains to a Procurement where the Requesting User is a Department Manager, the authority to settle and resolve such protest shall be with the IDB Invest General Manager.

Upon receipt of a written protest from a Protestor, and subject to 2.11.1 (b), the Department Manager shall:

- (i) Interrupt the selection process or contract award;
- (ii) provide the Protestor an acknowledgment, within five (5) calendar days;
- (iii) contact the Requesting User to obtain information regarding the selection;
- (iv) initiate and complete an analysis of the Protestor's allegations within a reasonable time frame;
- (v) document the results in the form of a memo to files, including any applicable opinion provided by GCL and recommendations for action; and
- (vi) provide the Protestor with formal written notification of the decision and the basis upon which it was made.

(d) Decision

A copy of the decision shall be mailed or otherwise furnished immediately to the Protestor or to any party the Protestor has formally designated to IDB Invest to intervene on its behalf, and to the Administration Committee for its information. The decision shall state the reasons for the action taken. The Department Manager or their Designee's decision shall be final and conclusive unless the Protestor files a written appeal to the Administration Committee within ten (10) business days from the date of receipt of the decision.

(e) Appeal

The Administration Committee shall review and determine any appeal and shall decide without undue delay whether the Solicitation or award was in accordance with IDB Invest's policies and procedures, and

the terms and conditions of the Solicitation, and shall communicate its findings to the appellant and to the corresponding Department Manager, who shall proceed accordingly. The determination of the Administration Committee shall be final and conclusive.

If an appeal to a protest decision alleges a Prohibited Practice, the Administration Committee shall refer the matter to OII.

2.11.2 Contract Disputes

All contract disputes, including but not limited to claims of breach of contract by a Supplier against IDB Invest shall be resolved by the corresponding Department Manager or their Designee in accordance with the dispute resolution procedures set forth in the agreement governing the relationship between the parties.

2.11.3 Non-Performance or Breach of Contract

Following consultation with GCL, each Department Manager shall have the authority to enforce IDB Invest's contractual rights in relation to non-performance or breach of contract by a Supplier or a Consulting Firm as provided in such contract. For the avoidance of doubt, a Department Manager's authority to enforce cannot be delegated to a Designee.

A Department Manager may enforce the contract as provided for therein, including, without limitation, for a Supplier or Consulting Firm's deliberate failure without good cause to perform in accordance with the Terms of Reference, the Specifications or within the timeframe provided in the contract.

2.12 Transparency of the IDB Invest Procurement Process

In accordance with the IDB Invest Access to Information Policy⁸, IDB Invest operates under a presumption in favor of disclosure with respect to all the information it produces and receives, including, without limitation, information pertaining to Procurement activities, subject to the exceptions to disclosure established in said Policy.

This Manual indicates certain Procurement information that IDB Invest must make public on a routine basis in the context of carrying out its Procurement activities.

Other Procurement information not specifically identified for disclosure in this Manual may also be made public, subject to the exceptions to disclosure under the Access to Information Policy. Procurement information that falls under such exceptions includes, without limitation:

- (a) commercial, proprietary, financial, privileged, intellectual property or other non-public information about Vendors, Suppliers or Consulting Firms;
- (b) information belonging to Vendors, Suppliers, Consulting Firms or other third parties identified by them as confidential;

⁸ Document CII/GN-129-14.

- (c) contracts and other documentation entered between IDB Invest and Vendors, Suppliers or Consulting Firms, to the extent they specifically provide for the confidentiality of their existence;
- (d) procurement information gathered, received, or generated in the course of an investigation by OII or a third party on behalf of such office, in accordance with the Integrity Framework, the Sanctions Procedures, and other regulations;
- (e) personal data; and
- (f) all information regarding system or physical security.

2.13 Special Arrangements

The Chief Finance and Administration Officer and the General Counsel are each individually and separately responsible for Financial Procurement and Legal Procurement, respectively.

The Chief Finance and Administration Officer and the General Counsel shall each develop respective procedures for carrying out Financial Procurement and Legal Procurement that shall cover, at a minimum, the management of the Procurement process, oversight of the quality and nature of the work, and, where applicable, the setting of reasonable fees.

Such procedures shall be consistent with the Guiding Principles and shall be subject to consultation and approval by the Administration Committee.

For the avoidance of doubt, Financial Procurement and Legal Procurement do not require action by PRC or prior review and approval by the Administration Committee.

ANNEX 1 – GLOSSARY OF DEFINED TERMS

Approving Unit: any Organizational Unit which is accountable for, and responsible over approving, the use of IDB Invest Funds, Client Funds and/or Donor Funds in the Procurement of Goods, Services or Consulting Services.

Approver: each IDB Invest officer or management committee with authority to (i) review recommendations for Vendor selection and, where applicable, to approve contract awards pertaining to the Procurement of Goods, Services or Consulting Services on a single purchase or per annum basis, at the thresholds established within each Annex, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the thresholds established within each Annex.

Best Value: the outcome of any Procurement determined through a process that balances strengths, weaknesses, risk, price and performance in accordance with established selection criteria, that results in the most advantageous value for IDB Invest.

Bidder: a Vendor submitting a bid in response to an Invitation for Bids or other Solicitation, other than a Request for Proposal.

Change Order: any written alteration to a contract or a SOW, executed by IDB Invest, in accordance with the terms of the contract or SOW, as applicable, unilaterally directing the Supplier or Consulting Firm to make changes.

Client(s): refer to recipients and/or beneficiaries of Financial Solutions and/or Non-Financial Solutions.

Client Funds: resources committed by IDB Invest clients in connection with the Procurement of Consulting Services.

Code of Ethics: the IDB Invest Code of Ethics and Professional Conduct.

Consulting Firm: any private or public entity legally established under the laws of the country of incorporation, including but not limited to, a consulting firm, engineering firm, procurement agent, inspection agent, audit firm, specialized agency, investment and merchant bank, university, research institution, government agency and nongovernmental organization that enters into a contract with IDB Invest to provide Consulting Services. For the avoidance of doubt, Consulting Firms are deemed Vendors before executing a contract with IDB Invest.

Consulting Services: a wide range of expert technical advice within a particular field provided by a Consulting Firm under a contract that does not involve an employer/employee relationship, and that is not otherwise governed by IDB Invest staff rules or the IDB Invest Complementary Workforce Regulations. Consulting Services include, without limitation, organizational change management, technical assistance in a specialized field, development of specialized training, audit services, among others.

Contract Modification: any written alteration in Specifications, delivery, period of performance, price, quantity, or other terms and conditions of any contract accomplished by the mutual action of the parties to the contract.

Corporate Procurement: the Procurement of professional, technical, and facilities support Services such as food services, facilities management, security, and janitorial services; construction and related design and engineering Services; information technology Services; computer software and hardware systems; office furnishings and equipment; physical plant operating equipment and supplies; and the purchase or lease of real property for IDB Invest's own internal and institutional needs.

Designee: an IDB Invest staff member to whom a Department Manager delegates responsibilities with respect to Procurement covered under this Manual, as provided for in each Annex.

Digital Signature: an electronic identifier intended by the person using it to have the same force and effect as the use of a manual signature.

Dollars and the Dollar Sign (US\$): means United States Dollars.

Donor Funds: resources transferred by third party donors to IDB or IDB Invest requiring either institution to receive, maintain in trust and administer such resources as directed by such donors, including through trust funds or project specific grants, each under their respective agreements providing for the administration and use of such resources.

Economy: refers to Procuring Goods, Services and Consulting Services of the appropriate quality at the right price. The principle of economy takes into consideration price, and non-price factors, including quality, sustainability, and life cycle costs, as appropriate, that support Value for Money.

Efficiency: requires that Procurement processes are proportional to the value and risks of the underlying project activities.

Electronic: relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

Equality: consists in giving all qualified Vendors, Suppliers and Consulting Firms the same information and equal opportunity to compete in providing Goods, Services and Consulting Services to IDB Invest and, where applicable, IDB Lab.

Evaluation Panel: a group of IDB Invest staff members who are appointed at the beginning of a competitive Procurement process to evaluate proposals and issue recommendations for Supplier or Consulting Firm selection to the appropriate approval authority, as provided for in each Annex.

Financial Procurement: Procurement activities conducted by the Finance and Administration Department in connection with the offering of IDB Invest securities, investment of IDB Invest resources, and transactions related to these activities, including capacity building, asset management and advisory services.

Financial Solutions: IDB Invest operations that involve the structuring of financial products and/or services, including, without limitation, loans, equity and quasi-equity investments, guarantees and any other financial products that may be reflected in the IDB Invest Operations Manual and other IDB Invest policies and procedures, as applicable, or in financing documentation with third parties.

Goods: commodities, raw materials, machinery, equipment, and industrial plants.

IDB: Inter-American Development Bank.

IDB Group: the IDB, IDB Invest and IDB Lab.

IDB Invest: Inter-American Investment Corporation.

IDB Invest Funds: resources from IDB Invest's own capital (including, without limitation, administrative funds and capital budget funds) deployed for the Procurement of Goods, Services or Consulting Services.

IDB Lab: Multilateral Investment Fund III, a trust fund administered by the IDB.

Integrity Framework: IDB Invest Integrity Framework.

Invitation for Bids (IFB): all documents, including those which may be attached or incorporated by reference, utilized for soliciting bids when a requirement can be clearly described or specified and the basis for award is primarily price.

Legal Procurement: Procurement conducted by the Legal Department of legal services from external counsel to IDB Invest and, as applicable, to IDB and IDB Lab.

May: used to express permission.

Master Services Agreement (MSA): each framework agreement between IDB Invest and a Supplier or Consulting Firm that sets out the terms and conditions under which specific Procurements of Services or Consulting Services can be made during the term of the agreement, at prices that may be predetermined at the time of award of the MSA or determined for each SOW.

Non-financial Solutions: IDB Invest (a) operations that involve the transfer, adaptation, mobilization, and utilization of non-financial products or services (including advisory services), and/or technical assistance to build capacity on an ongoing basis, which may or may not be linked to the structuring of Financial Solutions, and (b) knowledge products and other special corporate initiatives that are financed with Donor Funds.

Offeror: a Vendor submitting an offer in response to a Request for Proposal, Simplified Request for Proposal, or any other Solicitation, other than an Invitation for Bids.

OII: Office of Institutional Integrity.

Organizational Unit: any IDB Invest department, division, section, unit, team or other form of IDB Invest organizational unit, as applicable.

Partner Financiers: participants in an IDB Invest operation, co-guarantors and/or co-financiers such as commercial banks and other multilateral development banks, development financial institutions, export credit agencies, as well as other financial institutions.

Procurement: the act of buying, purchasing, contracting for, renting, leasing, provisioning, obtaining or otherwise acquiring any Goods, Services Consulting Services and/or real property for IDB Invest's administrative and operational purposes. It also includes all functions that pertain to such Procurement,

including description of requirements, selection and Solicitation of sources, preparation and award of contract, and all phases of contract administration. The terms Procure or Procuring used throughout this Manual and its Annexes are the active forms of the term Procurement.

Project-related Procurement: the Procurement of Consulting Services for the design, preparation, execution, supervision, restructuring and evaluation of (a) Financial Solutions or (b) Non-Financial Solutions that support IDB Invest's development agenda.

P-card: a credit card used by an authorized IDB Invest user under a program established by the IDB Invest with a commercial card provider and operated per the procedures established to facilitate small purchases by authorized cardholders and for Electronic billing against certain blanket orders and contracts.

Prohibited Practice: has the meaning ascribed to the term within the IDB Group's Sanctions Procedures.

Public Notice: the posting of an IDB Invest Solicitation for Goods, Services or Consulting Services in the public domain where Vendors and other interested parties may view it and may obtain instructions on how to qualify to participate in the Procurement thereof. For purposes of this definition posting in the public domain shall be via the IDB and/or IDB Invest's external website. Other means of public advertising, such as newspapers, professional journals, or posting on other external websites may be used if deemed appropriate.

Request for Information (RFI): all documents, including those which may be attached or incorporated by reference, used in an informal Solicitation of information, data, comments or reactions from possible Suppliers or Consulting Firms preceding the issuance of a Solicitation. No contracts are awarded via this process.

Request for Proposal (RFP): all documents, including those which may be attached or incorporated by reference, utilized for the Solicitation of proposals when an internal request is complex and the IDB Invest wishes to evaluate management, technical, cost, and other factors in its selection process.

Requesting User: each IDB Invest staff member conducting a Procurement process on behalf of its Organizational Unit and, where applicable, in coordination with an Approving Unit.

Responsible Offeror: a Vendor with demonstrated capability in all respects to perform fully the RFP requirements.

Services: intangible commodities that include, without limitation, (a) the furnishing of labor, time, or effort by a Supplier, including, without limitation, logistic support, printing, security, food, maintenance, cleaning, installation, information technology professional services, graphic design, translation, delivery of a generic training not solely for IDB Invest, subscriptions, insurance, and construction, and (b) computer programs and software, including, without limitation, application software, system software, utility software, all forms of cloud computing services, including, without limitation, all as-a-service models, artificial intelligence services, and any other tools enabled through technology, as available in the market and as may be deemed eligible solutions under applicable IDB Invest policies and procedures. For the avoidance of doubt, Services excludes Consulting Services.

Sanctions Procedures: the administrative procedure established by IDB Invest to adjudicate allegations of Prohibited Practices in relation to projects or other activities financed by IDB Invest.

Shall: used to express an obligation.

Simplified Request for Proposal (“SRFP”): means all documents, including those which may be attached or incorporated by reference, utilized for the Solicitation of proposals when an internal request is primarily based on Vendor qualifications and the need for issuing an RFP is not justified.

SLA: any service level agreement between IDB and IDB Invest which sets forth the provision of services between the organizations where one or the other party has an established infrastructure and capabilities such that the receiving party does not have to expend its own human and financial resources to develop and implement a duplicate capability.

Solicitation: an Invitation for Bids, Request for Proposal, Simplified Request for Proposal or any other document or communication used to obtain bids, proposals or qualifications for the purpose of obtaining information or entering into a contract.

Specification: any description of the physical or functional characteristics, or of the nature of Goods. It may include a description of any requirement for inspecting, testing, or preparing Goods for delivery.

Statement of Work (SOW): refers to each document signed by IDB Invest and a Supplier or a Consulting Firm under an MSA that defines the Services to be provided by a Supplier or a Consulting Firm to IDB Invest with the pricing/rates approved in the MSA, as requested by IDB Invest from time to time and in line with the Terms of Reference of an MSA.

Supplier: any corporation, partnership, sole proprietorship, joint stock company, joint venture, professional association or any other private or public legal entity operated for profit or nonprofit that enters into a contract with IDB Invest to provide Goods or Services. For the avoidance of doubt, Suppliers are deemed Vendors before executing a contract with IDB Invest.

Terms of Reference (TOR): a description of the scope of work for Services or Consulting Services, generally indicating a brief background, the objectives, main activities to be performed, the requirements, and, where applicable, the timeline and the deliverables expected from Vendors.

Transparency: requires that relevant Procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost and appropriate reporting of Procurement activities, including contract awards, all subject to any applicable exceptions to disclosure under the IDB Invest Access to Information Policy.

Value for Money: means the effective, efficient, and economic use of resources, which requires the evaluation of relevant costs and benefits, along with an assessment of risks and of non-price attributes, as appropriate. Price alone may not necessarily represent Value for Money given that non-price attributes such as quality, sustainability, innovation, and life-cycle costs could also be prioritized as part of the evaluation of a bid or proposal, as applicable.

Vendor: an entity duly established and authorized to conduct business and that offers Goods, Services or Consulting Services. A Vendor can become a Supplier or a Consulting Firm, subject to meeting all eligibility requirements established within this Manual and only after entering into a contract with IDB Invest. For the avoidance of doubt, the term Vendor includes the term Bidder and Offeror.

ANNEX 2 – PROCEDURES FOR CORPORATE PROCUREMENT

1. Introduction

This annex specifies the procedures that govern Corporate Procurement and provides guidance to Requesting Users and Approving Units for the application of the IDB Invest Procurement Manual (the “Procedures”). The objective of these Procedures is to ensure an impartial and transparent selection process consistent with IDB Invest’s general procurement principles and practices.

Corporate Procurement may be carried out by all Organizational Units in accordance with the provisions of these Procedures. These Procedures may be complemented by one or more separate standard operating procedures, as defined and approved by the Division Chief of the Controllershship (the “Controller”) from time to time.

Corporate Procurement may be conducted using IDB Invest Funds, Donor Funds, or a combination thereof. The source of funding determines the applicable Procurement procedure, pursuant to the following criteria:

- (i) if a Corporate Procurement uses IDB Invest Funds exclusively, Requesting Users shall conduct Procurement with support from PRC, and must follow the procedures set forth in this Annex 2 – Procedures for Corporate Procurement;
- (ii) if a Corporate Procurement uses Donor Funds exclusively or in combination with IDB Invest Funds, Requesting Users shall conduct Procurement with support from PRC, and must follow the procedures set forth in this Annex 2 – Procedures for Corporate Procurement, except that Requesting Users shall refer to the Designees authorized to review recommendations for Vendor selection and to approve the award of contracts established in Annex 3 – Procedures for Project-related Procurement.

2. Authority

2.1 The Chief Finance and Administration Officer (the “CFO”) has overall authority with respect to Corporate Procurement and exercises such authority in accordance with chapter II, section 2.2.2 of the Manual and the provisions of these Procedures.

2.2 The following Designees are hereby appointed:

(a) The Controller shall:

- (i) provide overall oversight of Corporate Procurement and ensure compliance with the provisions of the Manual and these Procedures;
- (ii) develop any proposed modifications to the Manual and/or these Procedures for the CFO’s review prior to submitting them to the Administration Committee for their consideration;
- (iii) develop standard operating procedures, directives and/or guidelines that are in alignment with the provisions of the Manual and these Procedures to be followed routinely by Requesting Users for the performance of Corporate Procurement activities and tasks;

- (iv) ensure Corporate Procurement contract award information is published on the IDB Invest website in accordance with the requirements set forth in chapter II, section 2.8 of the Manual;
 - (v) validate and, where applicable, approve determinations for Non-Competitive Procurement contract awards estimated to cost up to US\$ 250,000;
 - (vi) review and, where possible, resolve contract disputes in accordance with the dispute resolution procedures set forth in Procurement contracts;
 - (vii) establish and maintain a database of Corporate Procurement Suppliers that certify compliance with all IDB Invest eligibility requirements;
 - (viii) monitor compliance with record-keeping for all Corporate Procurement activities, in line with the IDB Invest Records Management Directive and Records Retention Schedule; and
 - (ix) ensure that reporting required for implementation and monitoring of SLAs is prepared in a timely fashion.
- (b) IDB Invest staff members authorized to use a procurement card (a “P-card”) shall Procure Goods or Services costing US\$ 10,000 or less on a single purchase or per annum basis, where permitted and subject to the limitations listed below.
- (c) The following Designees are hereby appointed as Approvers at the thresholds indicated herein:
- (i) Lead Officers of Approving Units: contracts estimated to cost up to US\$ 50,000
 - (ii) Directors of Approving Units: contracts estimated to cost above US\$ 50,000 and up to US\$ 100,000
 - (iii) Division Chiefs of Approving Units: contracts estimated to cost above US\$ 100,000 and up to US\$ 250,000

2.3 The CFO shall (i) review recommendations for Vendor selection and, where applicable, shall approve contract awards pertaining to the Procurement of Goods, Services or Consulting Services, estimated to cost above US\$ 250,000 and up to US\$ 1,000,000 on a single purchase or per annum basis, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.

2.4 The Administration Committee shall (i) review recommendations for Vendor selection and, where applicable, shall approve contract awards pertaining to the Procurement of Goods, Services or Consulting Services estimated to cost above US\$ 1,000,000 on a single purchase or per annum basis, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.

3. Roles and Responsibilities

3.1 Controllership

The Controller is responsible for overseeing Corporate Procurement in accordance with the scope of authority outlined in section 2 of these Procedures.

3.2 IDB Procurement

Pursuant to an SLA between IDB Invest and the Budget and Administrative Services Department of the IDB, PRC provides Procurement services to Requesting Users on Corporate Procurement in accordance with these Procedures, and under supervision of the Controller.

PRC shall:

- (i) operationalize Informal Competition and Formal Competition Procurement processes, in accordance with these Procedures;
- (ii) maintain a database of IDB Invest's Corporate Procurement Suppliers, ensuring that Suppliers meet all eligibility criteria. The database should contain performance records for all listed Suppliers.
- (iii) provide the Administration Committee, the CFO, the Controller and/or the Evaluation Panel members with supporting administrative and secretarial services, including, without limitation, minute taking and scheduling of meetings;
- (iv) support the development of proposed modifications to the Manual and/or these Procedures;
- (v) support the development of, and updates to, standard operating procedures, directives and/or guidelines that are in alignment with the provisions of the Manual and these Procedures;
- (vi) prepare and issue any necessary contracts and obtain all required signatures;
- (vii) support contract renewal;
- (viii) support Change Orders and Contract Modifications;
- (ix) review Terms of Reference ("TORs") and Solicitation documents for clarity, completeness, and compliance with the requirements of the Manual and these Procedures;
- (x) review draft written justifications for Non-Competitive Procurement prepared by Requesting Users;
- (xi) request support from GCL/ICL on legal and institutional aspects of contract negotiation;
- (xii) support GCL/ICL in the creation of, and updates to, Corporate Procurement contract templates;

- (xiii) train Organizational Units on Corporate Procurement procedures and guidelines, and in the use of contract templates, required forms and systems; and
- (xiv) maintain records of all documents generated and proposals received in connection with Corporate Procurement processes.

3.3 Requesting Users

Requesting Users have the primary responsibility to conduct Corporate Procurement in accordance with the provisions of chapter II of the Manual, its Guiding Principles, these Procedures and other IDB Invest policies and procedures, as applicable. Requesting Users initiate the Procurement process and, after contract award, monitor compliance by Suppliers or Consulting Firms with the provisions of their contracts.

Requesting Users shall:

- (i) contact PRC to initiate a Corporate Procurement process for Goods and/or Services;
- (ii) prepare and issue TORs and Solicitation documents for PRC review;
- (iii) prepare draft written justifications for Non-competitive Procurement for PRC review;
- (iv) provide all necessary and timely confirmations, including, without limitation, a certification, with regard to personal conflicts of interest before each contract award;
- (v) participate as a voting member in Evaluation Panels;
- (vi) promptly report any Supplier or Consulting Firm-related issues, including non-performance, or contract disputes to the Controller for review and action;
- (vii) monitor Supplier and Consulting Firm performance to ensure that all Goods, Services and Consulting Services are furnished as stated in each contract;
- (viii) process the receipt of Goods, Services and Consulting Services and, when prompted, approve invoices; and
- (ix) keep a record of all actions taken in implementing the contract as part of the Procurement file.

In addition, Requesting Users shall immediately report any known or suspected Prohibited Practices by a Vendor or a Supplier to OII, as required by the Code of Ethics and the Integrity Framework. Where a conflict or a situation that could potentially be a conflict arises, Requesting Users should always disclose them to their respective supervisors and seek guidance from ETH.

3.4 Approving Units

Approving Units are accountable for, and responsible over approving, the use of IDB Invest Funds and/or Donor Funds for Corporate Procurement, as per the delegations of authority indicated above. Requesting Users must conduct Corporate Procurement in close coordination with the corresponding Approver. For

the avoidance of doubt, a Requesting User may be from a different Organizational Unit than the Approving Unit.

3.5 The Administration Committee

In addition to the responsibilities over Corporate Procurement outlined in chapter II, section 2.2.3 of the Manual, the Administration Committee:

- (i) reviews recommendations for Vendor selection in the Procurement of Goods, Services or Consulting Services estimated to cost above US\$ 1,000,000 on a single purchase or per annum basis, and (i) authorizes contract negotiation; (b) if applicable, approves the recommendation and awards the contract; (c) rejects the recommendation and instructs the Requesting User or Evaluation Panel to re-evaluate and make further recommendations, or (d) rejects all bids or proposals.
- (ii) authorizes IDB Invest to extend any contract term beyond the five (5) year maximum after its approval of the written justification in each case; and
- (iii) reviews any proposed modification of a contract in excess of US\$ 1,000,000 which would increase the contract amount by more than 30% of its original or per annum value, prior to authorizing its execution.

3.6 Legal Department

GCL/ICL attorneys provide advice and support on legal and institutional issues related to Corporate Procurement regulations, procedures, guidelines and processes.

GCL/ICL shall:

- (i) approve contract templates and any updates thereto, with support from PRC;
- (ii) review requests from Vendors, Suppliers or Consulting Firms to modify contract templates or to amend existing contracts, as applicable, and provide support to PRC during contract negotiation;
- (iii) advise PRC and Requesting Users on compliance with IDB Invest policies and procedures in the course of conducting Corporate Procurement;
- (iv) advise the CFO on the enforcement of contractual rights relating to non-performance or breach of contract by a Supplier or Consulting Firm; and
- (v) participate as a non-voting member in Evaluation Panels, as legal advisor.

Where GCL has approved contract templates for specific Corporate Procurement activities, the use of such contract templates is mandatory. As such, any deviation that entails Procuring Goods, Services or Consulting Services through the use of a Vendor's contract template shall require prior written approval from GCL.

3.7 Evaluation Panel

The Evaluation Panel is responsible for evaluating bids or proposals submitted in a competitive Procurement process and making a contract award recommendation to the corresponding Approver, as indicated below.

Evaluation Panel members are appointed on a case-by-case basis by the Manager of each department at the recommendation of the Division Chief of an Approving Unit, in consultation with the Requesting User. The Evaluation Panel is composed of an odd number of at least three (3) voting staff members with recognized relevant technical qualifications and expertise, including:

- (i) one expert from the Requesting User's Organizational Unit, voting member, which may be the Requesting User;
- (ii) one technical expert in a field related to the purpose of the Procurement, voting member;
- (iii) a representative of an Organizational Unit different from that of the Requesting User, voting member;
- (iv) a representative of FNA/CTR who could be represented by PRC, non-voting member; and
- (v) a legal advisor from GCL/ICL, non-voting member.

The members of the Panel, as a whole:

- (a) provide all necessary and timely confirmations, including, without limitation, a certification, with regard to personal conflicts of interest before each contract award;
- (b) review the Solicitation documents prepared by the Requesting User, including the Specifications, Statements of Work or TORs, evaluation criteria, and conditions of contract applicable to the procurement. The members of the Panel should always bear in mind that the content of the Solicitation Documents is crucial to meeting the goals and objectives of the procurement process;
- (c) evaluate the proposals against the evaluation criteria and eligibility requirements specified in the Solicitation documents;
- (d) make a contract award recommendation to the corresponding Approver, as applicable, explaining the specific grounds for its selection of the successful Offeror/s; and
- (e) sign the minutes of all meetings, recording all decisions taken, which must be passed by an absolute majority.

In addition, Evaluation Panel members shall immediately report any known or suspected Prohibited Practices by a Vendor or a Supplier to OII, as required by the Code of Ethics and the Integrity Framework. Where a conflict or a situation that could potentially be a conflict arises, Evaluation Panel members should always disclose them to their respective supervisors and seek guidance from ETH.

4. Procurement Procedures

4.1 Eligible Methods of Source Selection

The choice of Procurement method depends on the complexity of the Goods, Services or Consulting Services required, the estimated amount of the contract and whether it is in the interests of IDB Invest to enter into a longer-term contract which aggregates IDB Invest requirements over a period of time. IDB Invest contracts shall be awarded by one of the following methods:

(a) For Goods and Services:

- (i) Small Purchase via P-card
- (ii) Small Purchase
- (iii) Informal Competition
- (iv) Formal Competition
- (v) Cooperative Purchasing
- (vi) Non-Competitive Procurement

(b) For Consulting Services:

- (i) Small Purchase
- (ii) Informal Competition
- (iii) Formal Competition

(c) Non-Competitive Procurement

Artificial division of internal requests for Goods, Services or Consulting Services is not permitted, and Solicitations must not be artificially divided to avoid competitive methods of source selection. Any such division shall be deemed non-compliant with IDB Invest regulations and may subject such Requesting Users to corrective action in accordance with applicable IDB Invest rules and procedures, as determined by the corresponding authorities on a case-by-case basis.

4.2 Procedures for the Procurement of Goods and Services

4.2.1 Small Purchase via P-card:

Goods or Services estimated to cost up to US\$ 10,000 may be Procured via a P-card by authorized user cardholders to the extent such transactions are deemed appropriate and economical for IDB Invest, in accordance with the procedures and control established by PRC.

4.2.2 Small Purchase:

For certain Procurements with a value of up to US\$ 10,000, the use of a P-card will not be deemed appropriate where (i) a written contract is required; (ii) specific issues need to be regulated by contractual means (including, without limitation, those relating to IDB Invest's intellectual property or confidential information); (iii) controls are necessary over the use of IDB Invest's logo or brand which might involve reputational risk for IDB Invest, or (iv) as otherwise set out in the procedures and control established by PRC. In any such cases, the Small Purchase shall be deemed a Non-Competitive Procurement, and a direct award shall be made either through a contract or a purchase order, as per PRC's indication.

4.2.3 Informal Competition:

Goods or Services shall be Procured pursuant to Informal Competition (i) where they are estimated to cost above US\$ 10,000 and up to US\$ 100,000, and (ii) not available under an existing Master Services Agreement (“MSA”). This method consists of a Simplified Request for Proposal (“SRFP”) to be carried out by the Requesting User, with support from PRC.

Requesting Users shall:

- (i) prepare TORs setting out a full description of the Goods or Services required and any selection or qualification criteria to be applied;
- (ii) solicit proposals from as many potential Vendors as practicable, but from no less than three (3); and
- (iii) accept only one proposal from each Vendor which may be submitted by electronic means, by facsimile or in written form.

The letter of invitation for proposals and any attachments shall follow the established forms prepared by PRC, as updated from time to time.

Only proposals up to US\$ 100,000 are eligible for Procurement under this method. A minimum of two (2) proposals up to US\$ 100,000 must be received by the Requesting User before a contract or purchase order can be issued. Otherwise, the process will be deemed void, and the Requesting User must follow a Formal Competition process, as applicable.

Requesting Users shall issue recommendations for contract award to the corresponding Approver, which, if applicable, shall award a contract or a purchase order to the Vendor presenting a proposal that meets both the lowest price and IDB Invest’s needs, as set out in the SRFP.

4.2.4 Formal Competition

- (a) Competitive Bidding: This method is appropriate when a Procurement estimated to cost above US\$ 100,000, can be clearly and completely defined, and the basis for the award is primarily pricing. It is primarily used for the Procurement of Goods.

An Invitation for Bids (“IFB”) shall be issued by PRC, in coordination with the Requesting User, including all Specifications, TORs or bills of materials, as applicable, as well as all contractual terms and conditions applicable to the Procurement, and shall follow the established forms prepared by PRC, as updated from time to time. To the extent PRC determines a bid security is required to protect IDB Invest’s interests, such security’s amount and form shall be specified in the IFB, as per PRC’s indication.

The IFB shall be sent to at least three (3) Vendors and posted on IDB Invest’s website for a reasonable time prior to the date set forth therein for the opening of bids, which shall typically be not less than ten (10) calendar days; however, PRC may, on an exceptional basis, determine that a shorter or longer period is in the best interest of IDB Invest.

Bids shall be received electronically by PRC and distributed to the Requesting User after the time designated in the IFB. Bids shall be evaluated based on the criteria set forth in the IFB to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and will be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. No criteria may be used in bid evaluation that are not set forth in the IFB.

The Requesting User shall issue its recommendation for Vendor selection to the corresponding Approver for consideration, which may:

- (i) authorize contract negotiation;
- (ii) if applicable, approve the recommendation and award the contract, in which case written notice of selection shall be provided to all Bidders;
- (iii) reject the recommendation and instruct the Requesting User to re-evaluate and make further recommendations, or
- (iv) reject all bids.

- (b) Competitive Proposal: This method is appropriate when a Procurement estimated to cost above US\$ 100,000 is complex and the award will be made on some combination of evaluated factors such as management, technical and cost considerations, or when the appropriate approval authorities determine that the use of Competitive Bidding is either not appropriate or not advantageous to IDB Invest. It is primarily used for the Procurement of Services⁹, and requires the appointment of an Evaluation Panel.

A Request for Proposal (“RFP”) shall be issued by PRC, in coordination with the Requesting User, including all Specifications, TORs or bills of materials, as applicable, as well as all contractual terms and conditions applicable to the Procurement, and shall follow the established forms prepared by PRC, as updated from time to time. Evaluation criteria and methodology shall be specified in detail in the RFP, which shall be appropriate to the type, nature, market conditions, and complexity of what is being Procured. To the extent PRC determines a performance security is required to protect IDB Invest’s interests, such security’s amount and form shall be specified in the RFP, as per PRC’s indication.

The RFP shall be sent to at least three (3) Vendors and posted on IDB Invest’s website for a reasonable time prior to the date set forth therein for the receipt of proposals, which shall typically be not less than ten (10) calendar days; however, PRC may, on an exceptional basis, determine that a shorter or longer period is in the best interest of IDB Invest. During the RFP submission period, answers to questions received from Offerors regarding the RFP must be received and responded in writing and must be provided to all Offerors.

⁹ Services typically Procured through the Competitive Proposal method include, without limitation, professional or technical services such as architectural and engineering services, construction manager-at-risk and design-bid project delivery methods for construction services, and high technology software, systems, applications and their implementation.

Proposals shall be received electronically by PRC and distributed to the Evaluation Panel after the time designated in the RFP. Proposals shall be evaluated based on the criteria set forth in the RFP to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and will be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. No criteria may be used in bid evaluation that are not set forth in the RFP.

A competitive range is determined on the basis of evaluation of the proposals against the evaluation criteria set forth in the RFP and shall include all proposals that have a reasonable chance of being selected for award. As provided in the RFP, negotiations may be conducted with Responsible Offerors who submit proposals determined to be in the competitive range for the purpose of clarification to assure full understanding of, and responsiveness to, RFP requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting negotiations, there shall be no disclosure of any information derived from proposals submitted by competing Offerors.

The Evaluation Panel shall issue its recommendation for Vendor selection to the corresponding Approver for consideration, which may:

- (i) authorize contract negotiation;
- (ii) if applicable, approve the recommendation and award the contract, in which case written notice of selection shall be provided to all Offerors;
- (iii) reject the recommendation and instruct the Evaluation Panel to re-evaluate and make further recommendations, or
- (iv) reject all proposals.

4.2.5 Cooperative Purchasing

In accordance with its guiding principles of transparency, efficiency, competition and fairness, IDB Invest may sponsor, conduct, administer or participate in cooperative purchasing agreements with one or more other organizations, including those negotiated by the IDB, for the Procurement of any Goods or Services, so long as (a) IDB Invest enters into its own agreement(s) with the Supplier, and (b) such agreement(s) represent Best Value for IDB Invest. Any such Cooperative Purchasing does not require additional competition procedures to be followed by IDB Invest, nor does it require Public Notice.

4.3 Procedures for the Procurement of Consulting Services

4.3.1 Small Purchase

Consulting Services estimated to cost up to US\$ 50,000 may be Procured directly and without competition. Requesting Users shall:

- (a) prepare TORs setting out a full description of the Consulting Services required and any selection criteria to be applied;
- (b) solicit proposals, orally or in writing, from one (1) or more Consulting Firms as practicable; and
- (c) accept only one proposal from each Consulting Firm which may be submitted by electronic means, by facsimile or in written form.

Only proposals up to US\$ 50,000 are eligible for Procurement under this method. A contract or purchase order shall be awarded by the corresponding Approver to the Consulting Firm presenting a proposal that meets both the lowest price and IDB Invest's needs, as set out in the TORs.

4.3.2 Informal Competition

Consulting Services shall be Procured pursuant to Informal Competition procedures where (i) they are estimated to cost above US\$ 50,000 and up to US\$ 150,000 (ii) Consulting Firm selection is primarily based on the Consulting Firm's qualifications, and (iii) the need for issuing an RFP is not justified.

This method consists of a Simplified Request for Proposal ("SRFP") to be carried out by the Requesting User, with support from PRC. Requesting Users shall:

- i. prepare TORs setting out a full description of Consulting Services required and any selection or qualification criteria to be applied;
- ii. solicit proposals from as many potential Consulting Firms as practicable, but from no less than three (3); and
- iii. accept only one proposal from each Consulting Firm which may be submitted by electronic means, by facsimile or in written form.

The letter of invitation for proposals and any attachments shall follow the established forms prepared by PRC, as updated from time to time.

Only proposals up to US\$ 150,000 are eligible for Procurement under this method. A minimum of two (2) proposals up to US\$ 150,000 must be received by the Requesting User before a contract can be issued. Otherwise, the process will be deemed void, and the Requesting User must follow a Formal Competition process, as applicable.

Requesting Users shall only assess and compare proposals from Consulting Firms having the required experience and competence relevant to the assignment, as per the TORs. Requesting Users shall select the best qualified and experienced firm for recommendation to the corresponding Approver.

Requesting Users shall issue recommendations for contract award to the corresponding Approver, which shall (i) authorize contract negotiation, and (ii), if applicable, approve the recommendation and award a contract to the Consulting Firm presenting a proposal that is most responsive to all technical and financial needs of IDB Invest.

4.3.3 Formal Competition

This method is appropriate when a Procurement for Consulting Services is estimated to cost above US\$ 150,000 and the award will be made on some combination of the quality of the proposal and the cost of the Consulting Services. It requires the appointment of an Evaluation Panel.

Requesting Users shall prepare TORs, in coordination with PRC as updated from time to time. The TORs shall provide sufficient background information, including whether there are any previous reports, data or policy statements that will be made available to Consulting Firms on the short list for the preparation of their proposals.

PRC shall publish a Request for Expressions of Interest (“REOI”) on IDB Invest’s website to prepare a short list of qualified firms based on an evaluation of the responses to the REOI. The REOI shall be posted on IDB Invest’s website for a reasonable time prior to the date set forth therein for the receipt of proposals, which shall typically be not less than ten (10) calendar days; however, PRC may determine that a shorter or longer period is in the best interest of IDB Invest.

The Evaluation Panel shall review responses submitted by Consulting Firms to the REOI and shall prepare a short list of qualified Consulting Firms. Short lists shall comprise a significant number of Consulting Firms, but not more than six (6), to ensure adequate competition and shall be selected on the basis of the qualifications and experience requirements set out in the REOI.

A Request for Proposal (“RFP”) shall be issued by PRC to all shortlisted firms, in coordination with the Evaluation Panel. Evaluation criteria shall be specified in detail in the RFP, which shall be appropriate to the type, nature, market conditions, and complexity of the Consulting Services being Procured, as well as all contractual terms and conditions applicable to the Consulting Services. The RFP shall follow the established forms prepared by PRC, as updated from time to time.

During the RFP submission period, answers to questions received from short listed Consulting Firms regarding the RFP must be received and responded in writing and must be provided to all of the shortlisted Consulting Firms.

Proposals shall be received electronically by PRC and distributed to the Evaluation Panel after the time designated in the RFP. Proposals shall be evaluated based on the criteria set forth in the IFB to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and will be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. No criteria may be used in proposal evaluation that are not set forth in the RFP.

A competitive range is determined on the basis of evaluation of the proposals against the evaluation criteria set forth in the RFP and shall include all proposals that have a reasonable chance of being selected for award. As provided in the RFP, negotiations may be conducted with Responsible Offerors who submit proposals determined to be in the competitive range for the purpose of clarification to assure full understanding of, and responsiveness to, RFP requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting negotiations, there shall be no disclosure of any information derived from proposals submitted by competing Offerors.

Recommendation for contract award shall be given to the highest ranked Consulting Firm whose proposal conforms to the RFP and is determined in writing to be the most advantageous to IDB Invest taking into consideration the evaluation factors set forth in the RFP. No other factors or criteria shall be used in the evaluation.

The Evaluation Panel shall issue its recommendation for Vendor selection to the corresponding Approver for consideration, which may:

- (i) authorize contract negotiation;
- (ii) if applicable, approve the recommendation and award the contract, in which case written notice of selection shall be provided to all Offerors;
- (iii) reject the recommendation and instruct the Evaluation Panel to re-evaluate and make further recommendations, or
- (iv) reject all proposals.

For the avoidance of doubt, contract negotiation shall be based on the business terms (i.e., length of time, start and finish dates, team composition, number of missions, clarification of deliverables, payment schedule, etc.) of the envisioned contract but not the price presented. Negotiations must not result in changes to the terms that would alter the outcome of the selection process or significantly alter the scope of the assignment.

4.4 Non-competitive Procurement

This Procurement method does not entail elements of a competitive process, and is eligible for the Procurement of Goods, Services or Consulting Services, as specifically indicated herein.

Non-competitive Procurement is followed whenever a contract must be awarded without competitive bids or proposals. It is only appropriate if it presents a clear advantage over competition and is properly justified (a) for Services or Consulting Services that represent a natural continuation¹⁰ of previous work carried out by the Supplier or the Consulting Firm; (b) when only one Supplier or Consulting Firm is qualified or has experience of exceptional worth for the required Services or Consulting Services; or (c) when there is only one proprietary source from which the Goods, Services or Consulting Services may be obtained.

Non-competitive Procurement is an exceptional method of source selection. As such, it requires (a) a written and properly justified determination from the Approver that, after conducting a good faith review of available sources, the required Goods, Services or Consulting Services are not suitable to competitive bids or proposals, and (b) a written validation and approval of such determination by the following IDB Invest authorities:

- (i) Controller for Procurements up to US\$ 250,000.

¹⁰ Natural continuation shall be construed as any contract amendment or extension, or any Change Order or Contract Modification.

- (ii) The CFO for Procurements above US\$ 250,000 and up to US\$ 1,000,000.
- (iii) the Administration Committee for Procurements above US\$ 1,000,000.

For the avoidance of doubt, a Non-competitive Procurement approval will be required in all cases where a contract or SOW's value is increased above the dollar amount that corresponds to the threshold for competition observed for the Procurement method pursuant to which a Supplier or Consulting Firm was selected.

4.5 Master Services Agreements

4.5.1 Requesting Users may pursue Master Services Agreements ("MSAs") with qualified Vendors for the Procurement of Services or Consulting Services following a competitive process. An Evaluation Panel is required to pursue the execution of one or more MSAs, regardless of whether the MSA will have a dollar value attached to it at execution.

4.5.2 MSAs are suitable:

- (a) for the supply of off-the-shelf, readily available routine Services or Consulting Services;
- (b) for high volume/low value orders; or
- (c) when the overall requirements are known, but the specific quantity and delivery date of any Services or Consulting Services may not be known.

4.5.3 Depending on the characteristics of the Procurement, Requesting Users may pursue the execution of an MSA with a single Supplier or Consulting Firm ("Single MSA"), or multiple MSAs with multiple Suppliers or Consulting Firms ("Multiple MSAs").

4.5.4 Single MSA: Requesting Users may pursue a Single MSA where (i) the Services or Consulting Services to be provided are standard and stable, (ii) the quantities are reasonably well-known, and (iii) it is in IDB Invest's best interest to enter into a longer-term agreement with only one Supplier or Consulting Firm for the regular supply of those Services or Consulting Services.

To pursue a Single MSA, the Requesting User, in coordination with PRC, shall:

- (a) identify the Services or Consulting Services to be Procured;
- (b) solicit the anticipated requirements from all interested Organizational Units;
- (c) calculate the volume requirement over a period of up to five (5) years;
- (d) provide PRC with an estimate of the expected annual expense under the MSA; and
- (e) initiate a Competitive Proposal process for the total requirement in accordance with the procedure that applies to Services or Consulting Services.

The Evaluation Panel shall issue its recommendation for Vendor selection to the CFO for consideration, which may:

- (i) authorize contract negotiation;
- (ii) if applicable, approve the recommendation and award the MSA, in which case written notice of selection shall be provided to all Offerors;
- (iii) reject the recommendation and instruct the Evaluation Panel to re-evaluate and make further recommendations, or
- (iv) reject all proposals.

4.5.5 Multiple MSAs: Requesting Users may pursue Multiple MSAs where (i) a range of similar Services or Consulting Services are reasonably expected to be required by Organizational Units, but the exact demand, scope and timing for such Services or Consulting Services is not fully known; (ii) the schedule of Services or Consulting Services cannot be predicted; (iii) it is not possible to be accurate about the Procurement needs when the MSA is awarded; and/or (iv) different levels of engagement may be envisaged (e.g., there may be a Consulting Services MSA to cover different tasks which may result in different hourly rates depending on personnel required for the task, based on seniority or specialty).

To pursue Multiple MSAs, the Requesting User, in coordination with PRC, shall:

- (a) decide how many Suppliers or Consulting firms will be selected for MSAs;
- (b) define the parameters or factors that will be considered in the evaluation and what the Offerors need to provide in terms of pricing, including, without limitation, the range of Services or Consulting Services, any differing qualities envisaged, speed of delivery, scope of task, and range of possible combinations;
- (c) set out any pricing formula to be used (or how these various components might be combined);
- (d) solicit the anticipated requirements from all interested Organizational Units;
- (e) calculate the volume requirement over a period of up to five (5) years; and
- (f) initiate a Competitive Proposal process for the total requirement in accordance with the procedure that applies to Services or Consulting Services.

The Evaluation Panel shall issue its recommendation for Vendor selection to the CFO for consideration, which may:

- (i) authorize contract negotiation;
- (ii) if applicable, approve the recommendation and award the MSAs, in which case written notice of selection shall be provided to all Offerors;

- (iii) reject the recommendation and instruct the Evaluation Panel to re-evaluate and make further recommendations, or
- (iv) reject all proposals.

4.5.6 Statement of Work (“SOW”): Once an MSA has been executed, IDB Invest will issue SOWs that will define the specific requirements for Services or Consulting Services to be delivered or performed by a Supplier or a Consulting Firm in accordance with the terms and conditions of such MSA.

In all cases, Requesting Users must observe the process and the SOW requirements established under the respective MSA before executing an SOW with a Supplier or Consulting Firm.

Each SOW is deemed to be a contract in itself and is subject to the following competition requirements:

- a) Services or Consulting Services for which there are Multiple MSAs available and are estimated to cost up to US\$ 100,000 or for which there is a Single MSA and regardless of the estimated cost, may be Procured directly and without competition.
- b) Services or Consulting Services for which there are Multiple MSAs available and are estimated to cost above US\$ 100,000 and up to US\$ 500,000 shall be Procured as follows:
 - (i) Requesting Users shall solicit proposals from as many Suppliers or Consulting Firms with an MSA as practicable, but from no less than three (3), which must provide pricing as per the rates established in the MSA. Suppliers or Consulting Firms may offer reduced prices to factor in any downward price fluctuations since the execution of the MSA or to offer discounts based on quantities.
 - (ii) The Requesting User shall identify the Supplier or Consulting Firm that offers either the lowest price, the most advantageous proposal, or a combination of both, and shall issue its recommendation for Supplier or Consulting Firm selection to the corresponding Approver for consideration, which may:
 - (d) approve the recommendation and award the SOW; or
 - (e) reject the recommendation and instruct the Requesting User to re-evaluate and make further recommendations.
- c) Services or Consulting Services for which there are Multiple MSAs available and are estimated to cost above US\$ 500,000 shall be Procured pursuant to Formal Competition procedures applicable to Services or Consulting Services, as stated above.

4.6 Requests for Information

4.6.1 In addition to the above listed methods, IDB Invest may issue a Request for Information (“RFI”) requesting information, data, comments, or reactions from Vendors or Consulting Firms pertaining to state-of-the-art technology, designs or technical literature related to products,

systems, technologies, or other Services. The Bank evaluates the information submitted to determine which product, system or technology should be identified in a future solicitation, typically a Request for Proposal (“RFP”). This method is commonly used as a research tool to obtain the latest industry information and to assist IDB Invest in determining the most appropriate technology for its intended application. No contracts are awarded via this process.

- 4.6.2** When appropriate, adequate public notice of the RFI shall be given for a reasonable time prior to the date set forth therein for the receipt of submittals. A reasonable time for public notice shall typically be not less than ten (10) calendar days, however PRC may determine that a shorter or longer period is in the best interest of IDB Invest.

4.7 Insurance Requirements

PRC shall specify standard Supplier insurance requirements and shall establish any specialized insurance coverages and amounts that may be applicable to a given Procurement. Contract templates shall contain the required insurance for the type of Goods, Services or Consulting Services to be provided. These templates may be updated from time-to-time by GCL, in coordination with PRC.

4.8 Protests

Protestors must submit written protests corresponding to a Corporate Procurement process to fna-front-office@iadb.org.

ANNEX 3 – PROCEDURES FOR PROJECT-RELATED PROCUREMENT

1. Introduction

This annex specifies the procedures that govern Project-related Procurement and provides guidance to Requesting Users and Approving Units for the application of the IDB Invest Procurement Manual (the “Procedures”). The objective of these Procedures is to ensure an impartial and transparent selection process consistent with IDB Invest’s general Procurement principles and practices.

Project-related Procurement is limited to Organizational Units that directly support the design, preparation, execution, supervision and evaluation of (a) Financial Solutions and/or (b) Non-Financial Solutions. These Procedures may be complemented by one or more separate standard operating procedures, as defined and approved by the Chief Investment Officer (the “CIO”) and the Chief Strategy Officer (the “CSO”).

2. Procurement for Financial Solutions

2.1 **Applicable Procedures**

Procurement for Financial Solutions may be conducted using Client Funds, Donor Funds, IDB Invest Funds, or a combination thereof. The source of funding determines the applicable Procurement procedure, pursuant to the following criteria:

- (i) if a Procurement for Financial Solutions uses Client Funds exclusively, Requesting Users shall conduct Procurement independently and must follow the procedures set forth in section 2.2 (the “Independent Path”);
- (ii) if a Procurement for Financial Solutions uses Donor Funds exclusively, Requesting Users shall conduct Procurement with assistance from PRC and must follow the procedures set forth in Section 3.2 (the “Assisted Path”); and
- (iii) if a Procurement for Financial Solutions uses Client Funds in combination with IDB Invest Funds and/or Donor Funds, Requesting Users shall conduct Procurement with assistance from PRC and must follow the Assisted Path.

The CIO shall issue standard operating procedures to ensure IDB Invest publishes contract award information on the IDB Invest website with respect to all Procurement for Financial Solutions, as required under chapter II, section 2.8 of the Manual.

2.2 **Independent Path**

2.2.1 **Authority**

- (a) The CIO has overall authority with respect to Procurement for Financial Solutions conducted through the Independent Path and exercises such authority in accordance with chapter II, section 2.2.2 of the Manual and the provisions of these Procedures.

- (b) The following Designees are hereby appointed as Approvers at the thresholds indicated herein:
- (i) Directors of Approving Units: contracts estimated to cost up to US\$ 100,000.
 - (ii) Division Chiefs of Approving Units: contracts estimated to cost above US\$ 100,000 and up to US\$ 250,000.

In addition, Division Chiefs of Approving Units shall validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.

- (c) The CIO shall (i) review recommendations for Consulting Firm selection and, where applicable, shall approve contract awards pertaining to the Procurement of Consulting Services, estimated to cost above US\$ 250,000 and up to US\$ 1,000,000 on a single purchase or per annum basis, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.
- (d) The Administration Committee shall (i) review recommendations for Consulting Firm selection and, where applicable, shall approve contract awards pertaining to the Procurement of Consulting Services estimated to cost above US\$ 1,000,000 on a single purchase or per annum basis, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.

2.2.2 Roles and Responsibilities

a) Requesting Users

Requesting Users¹¹ have the primary responsibility to conduct Procurement for Financial Solutions in accordance with the provisions of Chapter II of the Manual, its Guiding Principles, these Procedures and other IDB Invest policies and procedures, as applicable. Requesting Users initiate the Procurement process and, after contract award, monitor compliance by Consulting Firms with the provisions of their contracts.

Requesting Users shall:

- (i) prepare and issue Terms of Reference;
- (ii) prepare draft written justifications for Non-Competitive Procurement;
- (iii) participate as a voting member in Evaluation Panels;
- (iv) provide all necessary and timely confirmations, including, without limitation, a certification, with regard to personal conflicts of interest before each contract award;

¹¹ For the purposes of this Annex, Requesting Users encompass all subject matter experts that conduct Procurement for Financial Solutions on behalf of their Organizational Unit (e.g., investment officers for financing and/or market issues, environmental, social and governance officers for ESG issues, or development effectiveness officers for impact-related issues).

- (v) promptly report any Consulting Firm-related issues, including non-performance, or contract disputes to GCL for review and action;
- (vi) monitor Consulting Firm performance to ensure that all Consulting Services are furnished as stated in the contract;
- (vii) when applicable, process the receipt of Consulting Services and, when prompted, approve Consulting Firm invoices; and
- (viii) keep a record of all actions taken in implementing the contract as part of the Procurement file.

In addition, Requesting Users shall immediately report any known or suspected Prohibited Practices by a Consulting Firm to OII, as required by the Code of Ethics and the Integrity Framework. Where a conflict or a situation that could potentially be a conflict arises, Requesting Users should always disclose them to their respective supervisors and seek guidance from ETH.

b) Approving Units

Approving Units are accountable for, and responsible over approving, the use of Client Funds in Procurement for Financial Solutions, as per the delegations of authority indicated above. Requesting Users must conduct Procurement for Financial Solutions in close coordination with the corresponding Approver. For the avoidance of doubt, a Requesting User may be from a different Organizational Unit than the Approving Unit.

c) Legal Department

GCL/CIL and GCL/FML attorneys provide advice and support on legal issues related to the negotiation of Consulting Services contracts related to Financial Solutions for which they serve as project attorneys.

GCL/CIL and GCL/FML attorneys consult with GCL/ICL on legal and institutional issues related to Procurement for Financial Solutions regulations, procedures, guidelines, and processes.

GCL/CIL and GCL/FML shall:

- (i) approve contract templates and any updates thereto, in coordination with GCL/ICL;
- (ii) review requests from Consulting Firms to modify contract templates or to amend existing contracts, as applicable, and provide support to Requesting Users during contract negotiation, and, where applicable, in coordination with GCL/ICL with respect to legal and/or institutional provisions;
- (iii) advise Requesting Users on compliance with IDB Invest policies and procedures in the course of conducting Procurement for Financial Solutions, in coordination with GCL/ICL;
- (iv) advise the CIO on the enforcement of contractual rights relating to non-performance or breach of contract by a Consulting Firm; and

Where GCL has approved contract templates for specific Procurement activities, the use of such contract templates is mandatory. As such, any deviation that entails Procuring Consulting Services through the use of a Consulting Firm's contract template shall require prior written approval from GCL.

d) Evaluation Panel

The Evaluation Panel is responsible for evaluating proposals submitted in a competitive Procurement process and making a contract award recommendation to the corresponding Approver, as indicated below.

Except as indicated in section 2.4.2 below, Evaluation Panel members are appointed on a case-by-case basis by the corresponding Approver at the recommendation of the Requesting User. The Evaluation Panel is composed of an odd number of at least three (3) voting staff members with recognized relevant technical qualifications and expertise, including:

- (i) one expert from the Requesting User's Organizational Unit, voting member, which may be the Requesting User;
- (ii) one technical expert in a field related to the purpose of the Procurement, voting member;
- (iii) a representative of an Organizational Unit different from that of the Requesting User, voting member; and
- (iv) for a Panel Selection Process, a legal advisor from GCL/CIL or GCL/FML, as applicable, non-voting member.

The members of the Panel:

- provide all necessary and timely confirmations, including, without limitation, a certification, with regard to personal conflicts of interest related to the Procurement of Consulting Services from a Vendor before each contract award;
- review the Solicitation Documents prepared by the Requesting User, including the TORs, evaluation criteria, and conditions of contract applicable to the Procurement. The members of the Panel should always bear in mind that the content of the Solicitation Documents is crucial to meeting the goals and objectives of the procurement process;
- evaluate the proposals against the evaluation criteria and eligibility requirements specified in the Solicitation Documents;
- make a contract award recommendation to the corresponding Approver, as applicable, explaining the specific grounds for its selection of the successful Offeror/s; and
- sign the minutes of all meetings, recording all decisions taken, which must be passed by an absolute majority.

Evaluation Panel members shall immediately report any known or suspected Prohibited Practices by a Consulting Firm to OII, as required by the Code of Ethics and the Integrity Framework.

2.3 Eligible Methods of Source Selection

The choice of Procurement method depends on the complexity of the Goods, Services or Consulting Services required, the estimated amount of the contract and whether it is in the interests of IDB Invest to enter into a longer-term contract which aggregates IDB Invest requirements over a period of time. IDB Invest contracts shall be awarded by one of the following methods:

- (i) Small Purchase
- (ii) Informal Competition
- (iii) Non-Competitive Procurement

2.3.1 Small Purchase

Consulting Services estimated to cost up to US\$ 50,000 may be Procured directly and without competition. Requesting Users shall:

- (a) prepare Terms of Reference setting out a full description of the Consulting Services required and any selection criteria to be applied;
- (b) solicit proposals, orally or in writing, from one (1) or more Consulting Firms as practicable; and
- (c) accept only one proposal from each Consulting Firm which may be submitted by electronic means, by facsimile or in written form.

Only proposals up to US\$ 50,000 are eligible for Procurement under this method. A contract or purchase order shall be awarded by the corresponding Approver to the Consulting Firm presenting a proposal that meets both the lowest price and IDB Invest's needs, as set out in the Terms of Reference.

Notwithstanding the Small Purchase threshold, and for the avoidance of doubt, Requesting Users may, at their discretion, choose to follow the procedures for Informal Competition set forth under Section 2.3.2 for Consulting Services.

2.3.2 Informal Competition

Consulting Services shall be Procured pursuant to Informal Competition procedures where (i) they are estimated to cost above US\$ 50,000 and (ii) Consulting Firm selection is primarily based on the Consulting Firm's qualifications. It requires the appointment of an Evaluation Panel.

This method consists of a Simplified Request for Proposal ("SRFP") to be carried out by the Requesting User. Requesting Users shall:

- (a) prepare TORs setting out a full description of Consulting Services required, in consultation with the client and/or Partner Financiers, as applicable;
- (b) define evaluation criteria, including, without limitation, technical competence, experience in the sector/sub-sector, experience, and past performance with IDB Invest and other international financial

institutions, experience in-country, cost and language skills of the individuals within the Consulting Firm that would be assigned to provide the Consulting Services;

- (c) prepare a shortlist of Consulting Firms in consultation with the client and/or Partner Financiers¹², as applicable. In considering Consulting Firms for the shortlist, Requesting Users will review previous evaluations of Consulting Firms, where available. Consulting Firms may be identified from a Consulting Firm database or from other relevant sources, as applicable. Generally, the shortlist will include at least three (3) Consulting Firms. However, when only two Consulting Firms from the database or other sources possess the relevant qualifications, the shortlist may include only those two (2) Consulting Firms; and
- (d) solicit proposals from the Consulting Firms on the shortlist. The SRFP will include an invitation letter, a project description, and the TOR. Consulting Firms will be provided a minimum of five (5) business days to respond, unless a shorter period is deemed to be in the best interests of the project and is approved by the Division Chief of the Approving Unit. During the SRFP submission period, answers to questions received from shortlisted Consulting Firms regarding the SRFP must be received and responded in writing and must be provided to all of the shortlisted Consulting Firms. A Consulting Firm presentation may be organized to support the decision-making process;

Proposals shall be received electronically by the Requesting User and distributed to the Evaluation Panel, to Partner Financiers and/or the client, as applicable. Proposals shall be evaluated based on the criteria set forth in the SRFP to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and will be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. No criteria may be used in proposal evaluation that are not set forth in the SRFP.

A competitive range is determined on the basis of evaluation of the proposals against the evaluation criteria set forth in the SRFP and shall include all proposals that have a reasonable chance of being selected for award. As provided in the SRFP, negotiations may be conducted with Responsible Offerors who submit proposals determined to be in the competitive range for the purpose of clarification to assure full understanding of, and responsiveness to, SRFP requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for negotiation and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting negotiations, there shall be no disclosure of any information derived from proposals submitted by competing Offerors.

Recommendation for contract award shall be given to the highest ranked Consulting Firm whose proposal conforms to the RFP and is determined in writing to be the most advantageous to IDB Invest taking into consideration the evaluation factors set forth in the RFP. No other factors or criteria shall be used in the evaluation.

The Evaluation Panel shall issue its recommendation for Consulting Firm selection to the corresponding Approver for consideration, which may:

- (i) authorize contract negotiation;

¹² For operations jointly financed by IDB Invest and IDB, Vendors may originate from any member country of IDB Invest or IDB.

- (ii) if applicable, approve the recommendation and award the contract, in which case written notice of selection shall be provided to all Offerors;
- (iii) reject the recommendation and instruct the Evaluation Panel to re-evaluate and make further recommendations, or
- (iv) reject all proposals.

For the avoidance of doubt, contract negotiation shall be based on the business terms (i.e., length of time, start and finish dates, team composition, number of missions, clarification of deliverables, payment schedule, etc.) of the envisioned contract but not the price presented. Negotiations must not result in changes to the terms that would alter the outcome of the selection process or significantly alter the scope of the assignment.

All Offerors must be notified of the results from a competitive process, including those that do not receive a contract award.

2.3.3 Non-competitive Procurement

This Procurement method does not entail elements of a competitive process, and is eligible for the Procurement of Consulting Services, as specifically indicated herein.

Non-competitive Procurement is followed whenever a contract must be awarded without competitive bids or proposals. It is only appropriate if it presents a clear advantage over competition and is properly justified (a) Consulting Services that represent a natural continuation of previous work carried out by the Consulting Firm; (b) when only one Consulting Firm is qualified or has experience of exceptional worth for the required Consulting Services; (c) when there is only one proprietary source from which the Consulting Services may be obtained; (d) in emergency cases when there exists an immediate need to project life, or to prevent or minimize serious disruption of business continuity, or (e) for the selection of prequalified Consulting Firms from a Panel, as expressed in Section 2.4 of these Procedures.

Non-competitive Procurement is an exceptional method of source selection. Except for (d) and (e) above, it requires (a) a written and properly justified determination from the Requesting User that, after conducting a good faith review of available sources, the required Consulting Services are not suitable to competitive proposals, and (b) a written validation and approval of such determination by the following IDB Invest authorities:

- (i) The Division Chief of the Approving Unit for Procurements up to US\$ 250,000.
- (ii) The CIO for Procurements above US\$ 250,000 and up to US\$ 1,000,000.
- (iii) The Administration Committee for Procurements above US\$ 1,000,000.

Except for (d) and (e) above, Requesting Users must consult with the Division Chief of the Approving Unit before discussing with Consulting Firms the possibility of their selection using a Non-competitive Procurement process.

2.4 Prequalified Consulting Firm Panels

2.4.1 Each Department with a responsibility in Procurement for Financial Solutions may establish one or more list of prequalified Consulting Firms (each a “Panel”) for certain practice areas and without regard to a specific assignment. Consulting Firms for a Panel shall be selected following a panel selection process as provided in Section 2.4.2 below (the “Panel Selection Process”). Consulting Firms shall be eligible to remain on a Panel pursuant to the terms of the applicable panel selection process. Each Department Manager responsible for the establishment of a Panel may make changes to the scope, size and members of a Panel (including removing Consulting Firms from the panel) at any time after their selection to the Panel, with or without cause.

2.4.2 Requesting Users shall solicit proposals for participation in a Panel Selection Process through Public Notice based on uniform criteria and may also invite specific Consulting Firms to submit proposals. The evaluation of such proposals shall be conducted by an Evaluation Panel to be appointed by the Department Manager responsible for the establishment of a Panel at the recommendation of the Requesting User, which shall be conformed pursuant to the requirements set forth in section 2.2.1 (d) above.

2.4.3 After carefully reviewing all proposals against the evaluation criteria, the Evaluation Panel shall issue its recommendation for the inclusion of Consulting Firms on the corresponding Panel to the Department Manager responsible for the establishment of a Panel for consideration.

2.4.4 The Department Manager may:

- (i) approve the recommendation, and authorize the Requesting User to begin contract negotiations with each recommended Consulting Firm; or
- (ii) reject the recommendation and instruct the Evaluation Panel to re-evaluate and make further recommendations.

In approving the recommendation, the Department Manager shall determine the form of contract to be negotiated with each selected Consulting Firm. Where the Department Manager determines that a Master Services Agreement with a Consulting Firm is in IDB Invest’s interests, it shall conform to the general requirements for Master Services Agreements set forth in chapter II, section 2.3.3 of the Manual.

2.4.5 The Department Manager shall award as many contracts as are successfully negotiated. Once all contracts have been awarded, the Department Manager shall approve the final composition of the Panel, and written notice of selection shall be provided to both successful and unsuccessful Offerors.

2.4.6 Contract awards to Consulting Firms from a Panel for Consulting Services shall be deemed to comply with the requirements for a Non-Competitive Procurement process and do not require an Informal Competition process, insofar as said Consulting Services are in scope for the respective Panel. However, Requesting Users may nonetheless elect to follow an Informal Competition to award a contract to a Consulting Firm from the Panel. In any event, contract awards to Consulting Firms from a Panel shall be approved by the corresponding Approver as per section 2.2.1 above.

2.5 Exclusions

2.5.1 Client Procurement

For the avoidance of doubt, Project-Related Procurement is separate and distinct from procurement conducted directly by IDB Invest Clients with their own resources, including those disbursed by IDB Invest and IDB Invest co-financiers, as applicable (“Client Procurement”). Except as otherwise expressly provided for herein, the Manual and these Procedures do not apply to Client Procurement.

Pursuant to Principle 10 of the IDB Invest Operating Policy, and with respect to Client Procurement: (i) IDB Invest will ensure that procurement of goods and services acquired with IDB Invest funds originate from member countries at market prices; (ii) for operations jointly financed by IDB Invest and IDB, goods and services may originate from any member country of IDB Invest or IDB, and (iii) IDB Invest shall not establish as a condition that the proceeds of its financing be used to procure goods and services originating in a predetermined country.

IDB Invest’s concerns for the appropriate use of funds and for economy and efficiency in all of its operations are often met by Clients by following established commercial practices other than formal open tendering for their procurement. Wherever appropriate, IDB Invest will encourage the use of competitive procurement arrangements by its Clients.

IDB Invest expects its Clients to use appropriate procurement arrangements which ensure a sound selection of goods, works, services or consulting services at fair market prices and achieve value for money. IDB Invest will not finance costs that exceed market levels. Where a shareholder of the Client or its affiliates is also a supplier, contractor or consultant to the project, contracts shall be negotiated on an arm’s length basis and shall be in the best financial interest of the Client. The contract terms and conditions shall be fair and reasonable.

2.5.2 Reliance Letters

The Manual and these Procedures do not apply to the procurement of consulting services when a party to an IDB Invest financing, including, without limitation, a Partner Financier, undertakes the leading role in carrying out procurement activities in line with its own procurement procedures and IDB Invest chooses to rely on any reports or information produced pursuant to such procurement activities by executing a letter or a similar instrument to that effect with a service provider (“Reliance Letters”).

Reliance Letters shall be managed pursuant to the provisions of other applicable IDB Invest policies and procedures, as each may be approved and amended from time to time.

2.6 Protests

Protestors must submit written protests corresponding to a Procurement for Financial Solutions process to idbi-chiefinvestmentofficer@iadb.org.

3. Procurement for Non-financial Solutions

3.1 Applicable Procedures

Procurement for Non-financial Solutions may be conducted using (a) Client Funds, Donor Funds or IDB Invest Funds, or a combination thereof, or (b) IDB Special Program Funds. The source of funding determines the applicable procedure, pursuant to the following criteria:

- (i) if a Procurement uses Donor Funds exclusively, Requesting Users shall conduct Procurement with assistance from PRC, and must follow the Assisted Path;
- (ii) if a Procurement uses Client Funds in combination with IDB Invest Funds and/or Donor Funds, Requesting Users shall conduct Procurement with assistance from PRC, and must follow the Assisted Path; and
- (iii) if the Procurement uses any IDB funds, it cannot be combined with Donor Funds, Client Funds or IDB Invest Funds and shall be governed under the applicable IDB policies and procedures, which must be followed by Requesting Users.

The CSO shall issue standard operating procedures to ensure IDB Invest publishes contract award information on the IDB Invest website with respect to all Procurement for Non-financial Solutions, as required under Chapter II, Section 2.4.1.F of the Manual.

3.2 Assisted Path

3.2.1 Authority

- (a) The CSO has overall authority with respect to Procurement for Non-financial Solutions conducted through the Assisted Path and exercises such authority in accordance with Chapter II Section 2.2.2 of the Manual and the provisions of these Procedures.
- (b) The following Designees are hereby appointed as Approvers at the thresholds indicated herein:
 - (i) *Division Chiefs of Approving Units*: contracts estimated to cost up to US\$ 250,000.
 - (ii) The Division Chief of the Advisory Services Division shall validate and, where applicable, approve determinations for Non-competitive Procurement contract awards estimated to cost up to US\$ 250,000.
- (c) The CSO shall (i) review recommendations for Consulting Firm selection and, where applicable, shall approve contract awards pertaining to the Procurement of Consulting Services, estimated to cost above US\$ 250,000 and up to US\$ 1,000,000 on a single purchase or per annum basis, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.
- (d) The Administration Committee shall (i) review recommendations for Consulting Firm selection and, where applicable, shall approve contract awards pertaining to the Procurement of Consulting

Services estimated to cost above US\$ 1,000,000 on a single purchase or per annum basis, and (ii) validate and, where applicable, approve determinations for Non-competitive Procurement contract awards at the same thresholds indicated herein.

3.2.2 Roles and Responsibilities

Except as otherwise expressly provided for herein, Procurement for Non-financial Solutions shall be carried out pursuant to the same roles and responsibilities as those established for Corporate Procurement, as set forth in Annex 2 – Procedures for Corporate Procurement.

(a) Approving Units

Approving Units are accountable for, and responsible over approving, the use of Donor Funds, including in combination with Client Funds and/or IDB Invest Funds, in Procurement for Non-financial Solutions, as per the delegations of authority indicated above. Requesting Users must conduct Procurement for Non-financial Solutions in close coordination with the corresponding Approver. For the avoidance of doubt, a Requesting User may be from a different Organizational Unit than the Approving Unit.

(b) Legal Department

GCL/CIL and GCL/FML attorneys provide advice and support on legal issues related to the negotiation of Consulting Services contracts related to Non-financial Solutions for which they serve as project attorneys.

GCL/CIL and GCL/FML attorneys consult with GCL/ICL on legal and institutional issues related to Procurement for Non-financial Solutions regulations, procedures, guidelines and processes.

In particular, GCL/CIL and GCL/FML shall:

- (i) approve contract templates and any updates thereto, in coordination with GCL/ICL;
- (ii) review requests from Consulting Firms to modify contract templates or to amend existing contracts, as applicable, and provide support to Requesting Users during contract negotiation, and, where applicable, in coordination with GCL/ICL with respect to legal and/or institutional provisions;
- (iii) advise Requesting Users on compliance with IDB Invest policies and procedures in the course of conducting Procurement for Non-financial Solutions, in coordination with GCL/ICL;
- (iv) advise the CSO on the enforcement of contractual rights relating to non-performance or breach of contract by a Consulting Firm; and
- (v) participate as a non-voting member in Evaluation Panels, as legal advisor, and in lieu of GCL/ICL.

Where GCL has approved contract templates for specific Procurement activities, the use of such contract templates is mandatory. As such, any deviation that entails Procuring Consulting Services through the use of a Consulting Firm's contract template shall require prior written approval from GCL.

3.2.3 Eligible Methods of Source Selection

When required to follow the Assisted Path for a Project-related Procurement, Requesting Users shall (i) follow the procedures set forth in Annex 2 – Procedures for Corporate Procurement, and (ii) seek the review of recommendations for Vendor selection and the approval of contract awards from the Approvers indicated in Section 3.2.1., as applicable.

3.3 Protests

Protestors must submit written protests corresponding to a Procurement for Non-financial Solutions process to iic-dsp@iadb.org.