

AIIB Directive on Corporate Procurement

May 1, 2024

1. Overriding Objective

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

2. Definitions

- 2.1. "Bank Personnel" has the meaning as defined in the Code of Conduct for Bank Personnel.
- 2.2. "Bidder" means a Supplier or Consultant that participates in bidding for AIIB's corporate procurement contract through Competitive Procurement.
- 2.3. "Close Relative" has the meaning as defined in the Staff Rules.
- 2.4. "Conflict of Interest" has the meaning given to it in the Policy on Corporate Procurement.
- 2.5. "Consultant" means an individual or organization that provides Consulting Services.
- 2.6. "Consulting Services" means professional or advisory services with predominantly intellectual input.
- 2.7. "Competitive Procurement" means procurement through competition where normally at least three Bidders are invited to bid. "Simplified Competitive Procurement" means Competitive Procurement of Goods, Works, General Services and Consulting Services through simplified written solicitation. "Full Competitive Procurement" means Competitive Procurement of Goods, Works, General Services and Consulting Services through advertising and formal written solicitation.
- 2.8. "Corporate Procurement Committee" is a corporate procurement management committee established by the President. The Committee's composition, functions and responsibilities are detailed in the terms of references of the Committee.
- 2.9. "DG FAS" means the Director General, Facilities and Administration Services Department.
- 2.10. "Direct Selection" means selecting a Supplier or Consultant without competition.
- 2.11. "General Services" means services other than Consulting Services, including, but not limited to, outsourced services such as administrative assistance, security, cleaning, catering, building maintenance, complex computer software development, configuration, implementation and installation, information technology hardware and

software licensing and maintenance, as well as incidental assistance in the form of equipment rental, installation and repair.

- 2.12. "Goods" means such products as stationery supplies, office equipment, furniture, computer hardware and standard software, audio-visual equipment, communication equipment, medical equipment, security equipment, fire safety equipment, vehicles and off-the-shelf subscriptions.
- 2.13. "Manager, CPD" means Manager of Corporate Procurement Division under the Facilities and Administration Services Department.
- 2.14. "Partner" has the meaning as defined in the Staff Rules.
- 2.15. "Prohibited Practice" means any practice prohibited by AIBB pursuant to the Bank's Policy on Prohibited Practices.
- 2.16. "Requesting Department" means the department requesting procurement of Goods, Works, General Services or Consulting Services.
- 2.17. "Staff Member" or "Bank Staff Member" has the meaning as defined in the Staff Regulations.
- 2.18. "Supplier" means a business entity and individual that supplies Goods, Works, General Services or Consulting Services.
- 2.19. "VP CAO" means Vice President, Chief Administration Officer.
- 2.20. "Works" means those activities where elements of supply of goods and skilled labor are present, such as office refurbishment, civil, electrical, mechanical and other works.

3. Rules Governing Corporate Procurement

3.1. Simplified Competitive Procurement

- 3.1.1. Simplified Competitive Procurement shall be used for the procurement of Goods, Works General Services and Consulting Services with estimated value above USD70,000 and up to USD200,000. Advertising for a period of at least one week on the AIBB website may be required if the number of qualified Suppliers or Consultants in the Bank's databases is inadequate for Competitive Procurement.

3.2. Full Competitive Procurement

- 3.2.1. Full Competitive Procurement shall be used for the procurement of Goods, Works, General Services and Consulting Services with estimated value above USD200,000. Advertising for a period of at least two weeks on the AIBB website is mandatory, except for procurements under Sec. 3.7.3. below.

3.3. Equal Opportunity and Competition

- 3.3.1. The Bank shall provide equal opportunity to all eligible individuals and business entities to register in the databases for Suppliers and Consultants.
- 3.3.2. All written solicitations for Competitive Procurement shall be worded identically for all Bidders. Any information or subsequent clarification related to the solicitation shall be communicated at the same time to all Bidders.

3.4. Transparent Criteria for Contract Award

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

3.5. Retroactive Contracts

- 3.5.1. In normal circumstances, no Bank Personnel shall ask any Supplier or Consultant to deliver any Goods, Works, General Services and Consulting Services, in full or in part, until the Bank has communicated in writing to the Supplier or Consultant the approved contract award and the contract terms and conditions.
- 3.5.2. Under exceptional circumstances where performance of a Supplier or Consultant is in immediate need for mitigating significant risk to the operation or property of the Bank, or health or safety of Bank Personnel, a retroactive contract may only be approved by Manager, CPD with documented justifications. The contract, once approved and signed, shall accurately reflect the date on which performance commenced. All retroactive contracts shall be reported to the Corporate Procurement Committee for information.

3.6. No Artificial Splitting of Procurement Requests

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

3.7. Exceptions to Competitive Procurement

- 3.7.1. Direct Selection is permitted for the procurement of Goods, Works, General Services and Consulting Services with estimated value of up to USD70,000. The Requesting Department may directly undertake the procurement subject to the requirements provided in 4.1.1 including submission of a procurement evaluation report showing efforts undertaken to realize best value.
- 3.7.2. Direct Selection for procurement of Goods, Works, General Services and Consulting Services above the value indicated in the threshold in 3.7.1 shall only be approved pursuant to 4.1 on an exceptional basis. When submitting a request for Direct Selection in this context, the Requesting Department must present sufficient and compelling evidence to support one or more of the following justifications:
 - a) Uniqueness: The nature of the Goods, Works, General Services or Consulting Services required is (1) unique or could otherwise be obtained only from one source based on representations from the Requesting Department; or (2) there are other relevant circumstances that make the requirement unique or otherwise render competition not feasible. Efforts undertaken to find other sources or Suppliers, when possible, must be reported in the request.
 - b) Standardization: The Goods, Works, General Services or Consulting Services (1) contain key factors that require standardization such that competition would be technically impractical and (2) are required for the expansion, repair or maintenance of existing equipment or facility.
 - c) Continuity: The proposed Services are (1) a natural continuation of previous work carried out by a Supplier or Consultant or (2) part of a larger project and the Supplier or Consultant has already been selected by another party to the project.

With respect to both instances, the Requesting Department shall present proof of legitimate competition in the original procurement process or that it is unlikely to gain any benefit from engaging a different Supplier or Consultant to complete the work.

- d) Emergency or unpredictable event: The Goods, Works, General Services or Consulting Services are needed immediately due to an emergency or an unpredictable event. However, a lack of procurement planning is not a justification for an emergency or unpredictable event.

- 3.7.3. For procurement of sensitive or confidential services and emergency procurements under 3.7.2(d), normal procurement procedures including but not limited to, mandatory publication or advertising, may be waived or otherwise adjusted as agreed between Manager, CPD and the Requesting Department on a case-by-case basis.

3.8. Eligibility and Preventing Conflict of Interest

- 3.8.1. Individuals and legal entities currently under sanction by the Bank in accordance with the Policy on Prohibited Practice are not eligible to participate in the Bank's corporate procurement.
- 3.8.2. A Supplier or Consultant engaged by the Bank to prepare technical specifications in the bidding documents, or to assist in the preparation of bidding documents or evaluation criteria relating to an instance of Simplified Competitive Procurement or Full Competitive Procurement, is ineligible to bid for that instance of procurement.
- 3.8.3. A former member of Bank Personnel shall not be eligible for any instance of corporate procurement unless the Human Resources Department provides prior written approval to the Corporate Procurement Division. Such written approval shall be required only for the first instance of proposed procurement unless the Human Resources Department specifies otherwise.
- 3.8.4. Former Bank Personnel shall not, for two years following their termination of employment with the Bank, be eligible for any instance of corporate procurement related to a matter in which they participated personally and substantially during their employment with the Bank, unless otherwise agreed by the President.
- 3.8.5. The duly appointed external auditor of the Bank, its subsidiaries and affiliates shall not be eligible to participate in any instance of corporate procurement for the duration of its term as external auditor.
- 3.8.6. A Bank Staff Member and his or her Partner and Close Relatives shall not be eligible to participate in any instance of corporate procurement during the term of the concerned Bank Staff Member's appointment and for such period following the Bank Staff Member's separation or termination in accordance with applicable rules. This applies to companies in which a current Staff Member or his or her Partner or Close Relative is an owner or principal or holds a significant financial interest and companies in which a former Bank Staff member or his or her Partner or Close Relative is an owner, principal, director or executive officer or holds a significant financial interest during the cooling-off period required under applicable rules.
- 3.8.7. A Partner of a Bank Staff Member below the level or grade of a Director General may be allowed to participate in instances of corporate procurement in the Bank as individual Consultant or contractor during the term of the Staff Member's appointment, provided that (a) the Bank Staff Member obtains prior clearance from the Ethics Office that the prospective engagement of his or her Partner would not

constitute an actual or perceived conflict of interest; (b) regardless of the estimated cost of the engagement, the Partner is competitively selected in accordance with Corporate Procurement rules; and (c) the Partner would not work in the same department or office, undertake functionally related work or otherwise share the same reporting line as the concerned Staff Member. It is the obligation of the Bank Staff Member and his or her Partner to avoid being involved in any situation of actual or perceived conflict of interest at any time during the term of the Bank Staff Member's appointment and his or her Partner's contract with the Bank.

3.9. Complaint Mechanism

- 3.9.1. Bidders who have participated in an instance of Competitive Procurement may file written complaints to contest the Bank's decision on a contract award.
- 3.9.2. Manager, CPD shall review such complaints and, if a complaint is determined to be substantive in nature and not frivolous, Manager, CPD shall also propose a recommended course of action for implementation by the Requesting Department.
- 3.9.3. Any written complaint related to an instance of Competitive Procurement that refers to a suspected Prohibited Practice shall be referred immediately to the Compliance, Effectiveness and Integrity Unit in accordance with the Bank's Policy on Prohibited Practices. Any issue in the complaint that refers to suspected breach of Code of Conduct for Bank Personnel shall be referred to the Ethics Office for further action.

3.10. Misprocurement

- 3.10.1. If DG FAS determines, based on reasonable and reliable information, that a given instance of procurement has taken place but inconsistently with the requirements of the Policy on Corporate Procurement, this Directive or relevant Administrative Guidance, DG FAS shall make best efforts to suspend the procurement immediately and decide on a course of action to address the misprocurement. If such inconsistencies relate to contracts within the threshold subject to CPC approval, DG FAS shall submit the recommended course of action for consideration by the Corporate Procurement Committee.

4. Approval and Signatory

4.1. Approval

- 4.1.1. The Head of the Requesting Department approves for Goods, Works, General Services and Consulting Services:
 - a) Evaluation report and recommendation for contract award for contracts valued up to USD70,000
 - b) Amendments to Contracts if the proposed amendment adding to all previous amendments and the original Contract price has an aggregate value of up to USD70,000.
- 4.1.2. DG FAS approves:
 - a) for Goods, Works, General Services and Consulting Services by firms:
 - i) Evaluation report and recommendations for contract award for contracts with value above USD70,000 and up to USD1,000,000.

- ii) Direct Selection of Supplier pursuant to 3.7.2 if the proposed contract has an estimated value above USD70,000 and up to USD1,000,000.
 - iii) Contract amendment if the proposed amendment adding to all previous amendments and the original contract price has an accumulated value above USD70,000 and up to USD1,000,000.
 - iv) Contract amendment for procurements already approved by the Corporate Procurement Committee, unless DG FAS determines the need for further action by the Corporate Procurement Committee based on the institutional importance of the contract, the level of risk involved, or other considerations related to the requested amendment.
- b) for Consulting Services by individual consultants:
- i) Evaluation report and recommendations for contract award for contract with value above USD70,000 up to USD400,000.
 - ii) Direct Selection of Supplier pursuant to 3.7.2 if the proposed contract has an estimated value above USD70,000 and up to USD400,000.
 - iii) Contract amendment if the proposed amendment adding to all previous amendments and the original contract price has an accumulated value above USD70,000 and up to USD400,000.
 - iv) Contract amendment for procurements already approved by the Corporate Procurement Committee, unless DG FAS determines the need for further action by the Corporate Procurement Committee based on the institutional importance of the contract, the level of risk involved, or other considerations related to the requested amendment.

4.1.3. Corporate Procurement Committee approves:

- a) for Goods, Works, General Services and Consulting Services by firms:
- i) Evaluation report and recommendations for contract award for contract with value above USD1,000,000.
 - ii) Direct Selection of Supplier pursuant to 3.7.2 if the proposed contract has an estimated value above USD1,000,000.
 - iii) Request for contract amendment if the value of the proposed amendment adding to that of all previous amendments and the original Contract price exceeds USD1,000,000 for the first time.
- b) for Consulting Services by individual consultants:
- i) Evaluation report and recommendations for contract award for contract with value above USD400,000.
 - ii) Direct Selection of Supplier pursuant to 3.7.2 if the proposed contract has an estimated value above USD400,000.
 - iii) Request for contract amendment if the value of the proposed amendment adding to that of all previous amendments and the original Contract price exceeds USD400,000 for the first time.

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

4.2.1. For procurement of Goods, Works, General Services and Consulting Services:

- a) The Head of the Requesting Department signs a contract with a value under USD10,000, and contract amendments, if the proposed amendment adding to all previous amendments and the original contract price has an aggregate value under USD10,000.
- b) The Head of the Requesting Department signs Purchase Orders issued as work orders under Framework Agreements and variations of these Purchase Orders, provided that (1) they do not exceed the unit price/s established under the Framework Agreement as ceiling rates; and (2) their aggregate value does not exceed the approved budget of the concerned Framework Agreement.
- c) DG FAS, under the delegation of VP CAO, signs Contracts worth USD10,000 and above and contract amendments (including contracts approved by CPC), if the proposed amendment adding to all previous amendments and the original contract price has an aggregate value of USD10,000 and above.

5. Implementation

5.1. Vice President, Chief Administration Officer

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

5.2. Director General, Facilities and Administration Services Department

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

5.3. Corporate Procurement Division of Facilities and Administration Services Department

- 5.3.1. CPD shall have the functional authority for all corporate procurement undertaken by the Bank.
- 5.3.2. CPD shall exercise this authority by supporting Requesting Departments in planning their corporate procurement needs, providing guidance to Requesting Departments on corporate procurement, negotiating and processing contracts, and recording all instances of corporate procurement undertaken by the Bank. CPD shall provide guidance to the Requesting Departments on the requirements of the Policy on Corporate Procurement, this Directive and Administrative Guidance established by VP CAO.
- 5.3.3. CPD shall review (a) procurement plans of Requesting Departments containing significant procurement contracts that require Corporate Procurement Committee approval, and (b) outsourcing plans prepared by Requesting Departments during the Bank's annual budget exercise pursuant to the Bank's Administrative Guidance on Outsourcing to confirm, among others, that the planned procurements are within the budget envelopes approved by the Budget Committee. CPD shall submit such

procurement plans and annual outsourcing summary report for information of the Corporate Procurement Committee.

- 5.3.4. CPD shall also prepare, for approval of the Corporate Procurement Committee, an annual Corporate Procurement Report describing the Bank's corporate procurement activities during the year including, but not limited to, the Bank's total spend on corporate procurement and the number of issued contracts classified according to procurement category, procurement method used or Supplier information.

5.4. Requesting Departments

- 5.4.1. The Requesting Departments shall prepare budget requests for planned corporate procurement for inclusion in the Bank's annual budget. The Requesting Departments are responsible for keeping corporate procurement expenses of their respective departments within the approved budget allocations for the purpose. Any modifications to the approved budget allocations should be requested and handled according to the Administrative Guidance on Budget Management issued by the Strategy, Policy and Budget Department.
- 5.4.2. The Requesting Departments shall, where applicable, consolidate all related purchasing requests from end users in accordance with relevant Administrative Guidance.
- 5.4.3. The Requesting Departments shall be responsible for providing to CPD all requested information for the purpose of reviewing the Requesting Departments' procurement plan and outsourcing plan, as provided in 5.3.3 above.
- 5.4.4. The Requesting Departments shall prepare and be responsible for the technical requirements needed for corporate procurement to be undertaken in an efficient and accurate manner.
- 5.4.5. If a proposed procurement contract is to be used by more than one department, the department requesting bigger scope of work under such contract shall be designated as the Requesting Department for the purpose of this Directive.
- 5.4.6. The Requesting Department shall ensure that a complete record of procurements and contracts approved by it pursuant to 4.2 and all documents supporting said approval and award are maintained in the Bank's e-procurement or payment systems.
- 5.4.7. The Requesting Department has the primary responsibility of managing and monitoring the delivery of Goods, Works, General Services and Consulting Services in compliance with the contracts before endorsing claims by the Suppliers or Consultants for payments to Office of the Controller.

5.5. Strategy, Policy and Budget Department

- 5.5.1. The Strategy and Policy Department shall coordinate the institutional and departmental budget planning process in consultation with each business unit in line with AIB's strategic priorities and in accordance with applicable Policies, Directives and Administrative Guidance of the Bank.

5.6. Office of the Controller

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

Policies, Directives and Administrative Guidance of the Bank.

5.7. Office of the Treasurer

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

5.8. Legal Department

5.8.1. The Legal Department shall provide legal advice to the Facilities and Administration Services Department with respect to draft contracts that contain significant or substantive legal issues.

6. Authority

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