Procurement Guidelines for Project Goods and Services

Distributed at the 4th Session of the Assembly

November 2020

Asian Forest Cooperation Organization
CONTENTS

1. Introduction .............................................................................................................................................. 3
   1.1 Purpose.................................................................................................................................................. 3
   1.2 Scope...................................................................................................................................................... 3
   1.3 Definition of Terms................................................................................................................................. 3

2. General Principles ...................................................................................................................................... 4

3. Procurement Process ................................................................................................................................. 5
   3.1 Public Competitive Bidding....................................................................................................................... 5
   3.2 International Competitive Bidding............................................................................................................. 6
   3.3 Direct Negotiations .................................................................................................................................. 6

4. Modifications ............................................................................................................................................... 6

5. Contracts and Payment .............................................................................................................................. 6

6. Tax Exemption ............................................................................................................................................. 7

7. Publicity ...................................................................................................................................................... 7

8. Post-project Property Management ........................................................................................................ 7
   8.1 Disposal of Equipment ............................................................................................................................ 7
   8.2 Knowledge Sharing after the Project ....................................................................................................... 8
1. Introduction

1.1 Purpose

The purpose of the Procurement Guidelines on Project Goods and Services (the Guidelines) is to ensure that the funds of the Asian Forest Cooperation Organization (AFoCO) for projects are used in the most efficient, economic and effective way, to meet the purposes for which they are designed and implemented to maximize outputs and greater outcomes from project activities financed by AFoCO, in order to obtain higher value for money. The Guidelines also provides for the minimum requirements that the IA should undertake within the bounds of relevant policies of the implementing country the procurement of goods and services and management thereof.

1.2 Scope

The Guidelines will govern the procurement and payment of goods and services, and their sustainable management derived therefrom as functional and usable during and after the project implementation by Implementing Agencies (IAs) and AFoCO. This is in accordance with Article 10.6 ‘Procurement and Property Management of Goods and Services’ of the Project Manual for AFoCO, for any Project or other activity which is directly funded, in whole or in part, by AFoCO. Any other arrangements and requirements in any specific individual case should be subjected to the decision of the Secretariat under the guidance of project donors and/or IAs. This Guidelines also considers specific Policies\(^1\) of AFoCO.

1.3 Definition of Terms

For applying this Guidelines:

a) “AFoCO” means the Organization established under the Agreement on the Establishment of the Asian Forest Cooperation Organization (AFoCO).

b) “Assembly” means the highest decision-making organ of AFoCO.

c) “Secretariat” means the body which shall provide administrative support to AFoCO as well as carry out the activities guided by the Assembly.

d) “Executive Director” means the chief administrative officer of AFoCO who is appointed by the Assembly.

e) “Project” is defined as an execution of activities over a planned period to achieve the specific goals and objectives.

\(^1\) Policy of AFoCO on Anti-Money Laundering and Countering the Financing of Terrorism [http://afocosec.org/policies-3/](http://afocosec.org/policies-3/)
f) “National Focal Point (NFP)” is a designated position for a member country to oversee and coordinate the implementation of all AFoCO activities, as the official channel of communication.

g) “Implementing Agency (IA)” is a body responsible for implementing and executing project activities.

h) “Project Appraisal Panel (PAP)” is a body responsible for the appraisal of project proposals.

i) “Project Proposal” is a project description submitted by a respective NFP to the Secretariat for appraisal and for subsequent approval by the Assembly.

j) “Project Document” is a project description translated from the project proposal as approved by the Assembly together with its annexes.

k) “Project Inception Meeting (PIM)” is a technical meeting between IA and the Secretariat to update the Project Documents.

l) “Project Steering Committee (PSC)” is a supervisory and decision-making body for project implementation.

m) “Soft asset” refers to an intangible asset which is not physical in nature (e.g. data, research outputs, photos, videos, intellectual outputs, etc.).

n) “Hard asset” refers to a fixed asset or tangible resource with fundamental value, such as the assets most commonly appear on the balance sheet as property, plant, and equipment (PP&E) (e.g. computers, furniture, vehicles, machinery).

o) “Bid” is an offer made by a bidder, in response to a request for bids, to provide the required goods and/or services.

p) “Competitive Bidding” refers to the form of solicitation used in the procurement process, which involves a proposal by a company seeking to offer services or bid for business with another company.

q) “Quotation” refers to the most responsible and recent sale price of a good or service, submitted by the bidders.

2. General Principles

Procurement functions include all actions necessary for the acquisition, by purchase or lease of property, and for the management until its disposal. With due consideration for economy, efficiency and effectiveness, the Secretariat shall provide guidance to procure quality goods and/or services for its operations at the most competitive and/or comparative market prices available using the most competitive procurement method applicable. The following general
principles\(^2\) shall be given due consideration:

a) best Value for Money;

b) effective and broad competition for the award of contracts;

c) fairness, integrity and transparency of the procurement process;

d) the best interest of AFoCO and/or project donors; and

e) prudent procurement practices.

In the event where the Secretariat and/or IA determines that a conflict of interest has compromised the integrity of any procurement process, the Secretariat and/or IA, under the supervision of the PSC, will take appropriate action to manage conflicts of interest involving bidders, suppliers and contractors, including but not limited to rejection of proposals for award.

The Secretariat and/or IA will ensure that goods and/or services to be procured conform to applicable legal and other requirements whenever possible, and the procured goods and/or services generated by project fund to be properly managed as functional and usable during and after the project implementation.

3. Procurement Process

3.1 Public Competitive Bidding

For the purchase of goods and services or procurement for contracts costing more than US$20,000, the IA should conduct a competitive bidding process in accordance with the relevant rules and regulations of the country where the project is operated. In the case where there is a lack of competition or a limited number of suppliers, the IA should consult with the Secretariat to decide on the most efficient and cost-effective procurement method.

3.1.1 Bidding Documents

The IA should prepare bidding documents including all information needed for a prospective bidder to prepare a tender for the goods and services to be supplied in good time. As and when required, the Secretariat and/or the PSC will render further appropriate explanations to the domestic evaluation committee (DEC).

3.1.2 Bid Evaluation

Following the domestic regulations, the DEC will be established, consisting of at least three (3) persons including at least one (1) person with substantial experience in the procurement of goods and services.

\(^2\) Financial Regulations of AFoCO
The result of the bid evaluation should be submitted within two (2) weeks and before the contract is awarded. If deemed necessary, the Secretariat may call for a Project Steering Committee (PSC) Meeting to receive guidance on follow-up actions associated with the bid decision.

### 3.2 International Competitive Bidding

In the case where international competitive bidding is preferred, the IA shall consult the Secretariat prior to undertaking the bidding process. The Secretariat may also participate in the awarding procedures as and when necessary, to check that all related procedures are duly adhered to in a transparent and fair manner.

### 3.3 Direct Negotiations

Subject to domestic applicable domestic regulations of the implementing country, purchase of goods and services or procurement for contracts costing less than US$3,000 (including tax), no quotation is required, and the IA should select most cost effective procurement option with the highest value for money.

For the purchase of goods and services or procurement for contracts exceeding US$3,000 (including tax), but less than US$20,000, the IA should collect quotations from at least three (3) suppliers. In the case where less than three (3) suppliers are available, the IA should select most efficient and cost effective procurement option.

### 4. Modifications

If any changes in the procurement plan written in project document results in an increase or decrease in the quantities and prices of goods and/or services or the time required for performance of the contract, the IA should modify the procurement plan and submit it to the Secretariat immediately. The Secretariat will proceed to make a decision based on the recommendations of the PSC.

### 5. Contracts and Payment

All procurement actions should be governed by written documentation. The IA should, whenever possible, ensure that sufficient guarantees or bonds are sought and obtained prior to making any advance and progress payment. Only original hard-copies or electronic originals of receipts with a supplier’s logo shall be considered valid and will be accepted.
6. Tax Exemption

Following the provisions in the MOU, AFoCO, as an inter-governmental organization, encourages IAs to undertake necessary actions and provide administrative support by communicating with the relevant authorities to ensure that procurements are exempt from tax. For the procurements for contracts costing less than US$3,000 (including tax), tax exemption may be omitted with a consultation with the Secretariat.

7. Publicity

The IA should acknowledge funding from AFoCO, the IA and any other donor and display their emblem and inventory code in all procured project properties under the guidance of the Secretariat. The logo and emblem of AFoCO shall be downloaded from the official website of AFoCO (www.afocosec.org). The instruction and samples for the display of emblem and inventory code is in Annex 15 of Project Manual.

8. Post-project Property Management

At the Final Coordination and Evaluation Meeting, both IA and the Secretariat will agree on the sustainable property management including, among others, the maintenance and disposal of equipment based on the inventory results of hard and soft assets. As a general principle, all functional assets will be booked under the custody of the IA and/or concerned government agency for its eventual maintenance and safe keeping. The same arrangements will apply to project assets to be donated to Project beneficiaries and stakeholders. Following the arrangements, the IA should include the concerned information and follow-ups in the project completion report in Annex 18 of Project Manual.

8.1 Disposal of Equipment

Based on the recent inventory status of project assets, disposal arrangement will proceed based on the domestic policy of the implementing country with respect to items that will be declared as non-functional and/or beyond economic repair.

Proper turn-over of project assets through the execution of a Deed of Donation will be executed between the AFoCO Secretariat (as the donor) and the IA (as the donee), will be done subject to further requirements of the donor, as and when required. The hand over will cover procured items which are declared as usable and functional upon the termination of the project.

Handing over to other AFoCO projects refer to continued use of equipment, machinery or implements for other AFoCO activities in favor of certain group of beneficiaries and/or
stakeholders in the project implementing country. This should be made upon consultation with the IA, NFP and the Secretariat.

8.2 Knowledge Sharing after the Project

The soft asset generated by project fund will be jointly shared by the IA and the Secretariat. In accordance with the Policy on Information Disclosure, the project-related information in the purpose of advocacy is regarded as the publicly available information (Category-I).