Green Guarantee Company

A greener world guaranteed

Procurement policy

Contents

Procurement policy

1. The Green Guarantee Company

1.1 The Green Guarantee Company ("GGC" or the "Company") provides investment grade guarantees that help mobilise climate (or "green") finance from global credit and capital markets into sub-investment grade developing countries.

1.2 GGC's guarantees finance climate projects that enable developing countries to mitigate and/or adapt to the impacts of climate change. GGC adds value by providing long-term guarantees to credit enhance debt instruments issued by borrowers in developing countries thereby making these debt instruments investable for lenders and institutional investors in global credit and capital markets.

1.3 Furthermore, GGC supports borrowers in developing countries in their efforts to build long-term relationships with lenders and institutional investors in global credit and capital markets and gain access to affordable financing for climate projects and fair terms and conditions.

2. About this policy

2.1 GGC is accountable to its shareholders for ensuring that works, supplies and services that are procured by GGC with their funds are done so in a way that is transparent, fair, accountable, with integrity and which seeks to obtain best value for money.

2.2 As GGC has been established as a private entity its activities are not covered by any public or administrative procurement regulations or the procurement rules of any treaty-based or other international organisation. However, mindful of their accountability and obligations to obtain best value for money in a transparent and fair way it is anticipated the shareholders of GGC will require the Company to comply substantially and in the spirit of laws and procedures which are generally recognised and accepted for the purposes of regulating public procurement activities.

2.3 As such, this Procurement Policy (the "Policy") reflects GGC's commitment to fair practices and sets out the objectives, the overall approach, key principles, and guidance for the acquisition of works, supplies and services by GGC and related to the GGC's activities. It is intended to control, guide, and serve as a reference for all procurement within GGC.

2.4 The fundamental objective of this Policy is to make sure that GGC obtains appropriate works, supplies, and services for the stated purpose, at the appropriate time, place, and cost. This should be in a manner which balances the overall requirement for value for money, including efficiency and effectiveness in maximising output, with delivering desired outcomes, fairness, transparency, integrity, and accountability.

2.5 GGC may, by exception, agree to rely on and apply the procurement rules of another body or entity and may agree to another body, entity, multilateral or bilateral agency or organisation taking a leading role in the procurement activities relating to a project. This will be subject to the proviso that the applicable procurement rules and procedures are consistent with the provisions set out in this Policy. Prior approval from the Board will be required for the use of the procurement rules of another body or entity.

2.6 The Board will be responsible for approving this Policy and is accountable to GGC's shareholders for the management of procurement activities undertaken by and on behalf of GGC.

2.7 The Board will also be responsible for reviewing this Policy, ensuring the adequacy of GGC's arrangements with respect to procurement and monitoring compliance with this Policy.

2.8 The implementation of this Policy together with its associated guidance and procedures will be undertaken by Development Guarantee Group ("DGG" or the "Manager").

3. Policy scope

3.1 This Policy covers all procurement for supply of works, supplies and services undertaken by, or on/ behalf of GGC.

3.2 This Policy applies to:

- GGC,
- third-party service providers responsible for delivering the core activities of a GGC ("Service Providers"); and
- persons and entities which receive funding from GGC, e.g., project companies supported by GGC ("GGC Recipients").

3.3 Where GGC's ability to control or direct Service Providers or GGC Recipients to comply with this Policy is constrained by external factors, all reasonable endeavours will be made to require compliance with this Policy or another policy consistent with the principles of this Policy and the Board of GGC will be kept informed of such incidents.

3.4 Exceptions to tendering thresholds and processes shall be allowed in exceptional situations only. Such exceptions can only be approved by the Board of GGC (the "Board") unless otherwise noted in this Policy. The Procurement Guidelines shall specify allowable exceptions to such thresholds and processes.

4. Policy standard

4.1 GGC shall apply the following standards in order to achieve the aims and objectives of this Policy:

- Value for money - the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. It permits integrating into the procurement process factors such as sustainability, quality, economic, environmental, and social considerations. Price alone may not necessarily represent value for money.

- Fairness - open competitive procurement is GGC's preferred procurement approach, whenever possible and reasonable, to maximise fairness of opportunity to bid. GGC is committed to treating all suppliers and potential suppliers fairly throughout all procurement activities.
- Transparency - GGC will be transparent in procurement activities. This means that all material steps in the procurement process will be documented appropriately to provide a clear audit trail, evidencing decisions made and enable appropriate reporting of procurement activities and that bidders and potential bidders will receive the same information.
- Integrity – GGC's procurement activity must not support organisations involved in criminal activity such as fraud, corruption or human rights abuses including forced labour and modern slavery. Reasonable risk-based evaluation will be carried out on suppliers; and business relationships will be responsibly managed with appropriate action taken where improper practices come to light. Bidders must be required to confirm in the bidding process whether they have been sanctioned or found guilty of any form of misconduct by any public authority or international organisation (or equivalent) within the preceding 5 years.
- Compliance – GGC's procurement activities shall be conducted in compliance with any relevant national/ local laws and in accordance with appropriate internal authorisation and delegated authorities.
- Disaggregation – GGC will not evade the application of a procurement procedure or the requirement for competition by splitting contracts or purchase orders with the same supplier for the same or for a substantially connected subject matter.
- Accountability – GGC holds those involved in the procurement process accountable for their actions (or inactions).
- Procurement approach – procurement shall take the most appropriate approach to meet the business and/or project objectives and outcomes, taking into account the context and the risk, materiality, counterparty, type of works, goods or service to be performed or procured, value, term and complexity of the procurement. See Section 5, below.
- Panel / framework agreement – panels/framework agreements may be established by GGC with suppliers for the provision of works, supplies and services following a competitive tender process.
- Conflicts of interest – GGC requires that all parties involved in the procurement process do not have a conflict of interest, unless such a conflict has been resolved in a manner acceptable to GGC. GGC will require bidders to confirm in the bidding process that the bidder has no actual or perceived conflict of interest in respect of the bid and to otherwise disclose the nature of the actual or perceived conflict of interest.

- Eligibility – GGC encourages firms and individuals from all countries to bid for its works, supplies and services, subject to rules on eligibility and participation and the commercial operations and requirements of the businesses.
- Due diligence – All new material suppliers will be subject to risk-based due diligence which will be proportionate to the materiality, value and intended term and complexity of the proposed contract. The due diligence will be carried out in advance of placing orders or entering into contracts to provide a better understanding of the supplier and support procurement decision-making. This will include but not be limited to anti-corruption and bribery policies and practices.
- Record keeping – GGC shall maintain adequate records to fulfil its regulatory obligations and to meet its business purposes. Personal data obtained in any procurement process shall only be processed in accordance with applicable data protection legislation and for the specified purposes; no other use may be made of the data, unless permitted under other law, or the party to whom the data relates provides their consent in accordance with applicable data protection legislation.
- Awareness and training – GGC shall ensure that all directors and employees and those working for and on behalf of GGC, are aware of their obligations in relation to procurement. GGC shall ensure that all individuals complete the designated training in the timescale directed and more targeted training is provided for those occupying relevant roles.

5. Procurement methods and thresholds

5.1 The procurement of goods and services for or on behalf of GGC shall be conducted in a manner that is based on the principles set out in this policy and The Procurement Guidelines – see appendix 1.

5.2 The Procurement Guidelines include details of the procurement methods and thresholds that apply when procuring goods and services for GGC

Appendix 1

Procurement guidelines

Size of contracts

5.3 The procurement methods to be used based on contract value are set out in the table below:

	Contract value (in USD exclusive of VAT)	Procurement method	Details
1	Less than 50,000 for a single contract	Direct contracting	It is acceptable to single source (i.e. go direct to one supplier) but must be able to demonstrate value for money.
2	50,000 and less than 200,000 for a single contract	Minimum of 3 competitive offers	A value for money evaluation must be carried out. This means a competitive exercise (without publication) where it is sensible in terms of proportionality of time, cost and benefit. Such an exercise may include inviting specific candidates to submit proposals/bids. At least three candidates should be invited to take part in the exercise who should all receive the same information regarding the procurement. If only one or two suppliers respond, it is reasonable to proceed if it is possible to conclude that they will deliver the service/ goods effectively and provide value for money. If this is not possible, requests should be made for proposals from additional suppliers.
3	Over 200,000 for a single contract	Competitive exercise or tendering (pre-qualification, if appropriate) and advertising	Service and supply contracts worth USD 200,000 or more (during the life of the contract) must be awarded by means of an international restricted tender procedure following publication of a procurement notice. The procurement notice is to be published in appropriate media, in particular on the GGC website and social media channels. It must state the number of candidates which will be invited to submit tenders within a range of four to eight candidates and must be sufficient to ensure genuine competition. All would-be service or supply providers fulfilling the required conditions and only candidates who meet the published selection criteria are invited to submit a tender proposal.

5.2 Contract renewals with existing suppliers where previous contract/(s) had been awarded, are considered new contracts and the goods or services should be procured in accordance with the guidelines set out in 6.1, notwithstanding the exceptions stated in 6.4.

Direct award

5.3 In the case of Direct Award, only one preselected, highly qualified person or supplier is invited to submit an offer based on a functional description, a specification, or terms of reference. Direct awards are considered as exceptions and should be pre-approved by the DGG Risk and Audit Committee or DGG's CEO or COO. The outcome of this verification procedure must be documented in writing and the GGC Board should be notified.

5.4 DGG's CEO or COO can pre-approve Direct Awards up to an amount of USD 50,000 (cumulative) per annum. If the cumulative value of Direct Awards in any given year exceeds USD 50,000, all subsequent Direct Awards for that year would need to be approved by DGG's Risk and Audit Committee.

5.5 In addition to a contract value of less than USD 50,000 (exclusive of VAT), Direct Awards may be chosen in the following cases:

- Amendment of existing contracts, in case:
    - the total aggregate amount of the amendments is significantly lower than the initial contract value (as a general rule less than 25% of the initial contract value), or the amendment does not justify a new competitive tender process, and
    - the nature and scope of the amendment does not result in a substantial modification of the initial contract content.
- In follow-on phases of a project, if all the following criteria are fulfilled:
    - where reference was made to this potential follow-on phase in the precedent tender documents,
    - provided that the first contract was awarded on a competitive basis,
    - the contractor's performance in the previous phase is satisfactory,
    - the specifications or the terms of reference are largely identical; and
    - a further competitive tender procedure is unlikely to produce appropriate results.

- For reasons of extreme urgency:
  - brought about by unforeseeable events (e.g. in the cases of natural disaster, crisis or conflict), and
  - where it is impossible to comply with the time limits set for the other procedures.
  - In case of the existence of a unique selling point:
  - If due to a specific combination of expertise and experience required, technical reasons/features or the protection of exclusive rights (e.g., patent, copyright), the contract can only be performed by a specific person or supplier.

Waivers

5.6 The procurement of all goods and services should adhere to the guidelines outlined in this Policy. However, in exceptional cases where compliance with this Policy is not feasible, deviations may be approved. The DGG Risk and Audit Committee has the authority to approve deviations for contracts up to USD 200,000. For contracts exceeding this amount, approval must be obtained from the GGC Board, with the DGG Risk and Audit Committee being notified. Requests to deviate from this Policy must be made in advance and in writing to the DGG Risk and Audit Committee and GGC Board (as required).

Exclusion from award of contracts

5.7 Contracts may not be awarded to tenderers which, during the procurement procedure:

- are subject to a conflict of interests; and / or
- are guilty of misrepresentation in supplying the information required by GGC as a condition of participation in the contract procedure or fail to supply this information.