

## **Due Diligence Methodology**

### **Procurement Agent**

#### **Introduction**

The Procurement Agent due diligence process is the procedure MCC undertakes to assess the capability of a proposed government entity to fulfill the roles and responsibilities of a Procurement Agent. The information gathered during the due diligence process allows MCC to make an informed decision as to whether the proposed entity should conduct MCC funded procurements. This document describes the procedures for carrying out this assessment.

The first section (Procurement Agent Framework) briefly describes the Procurement Agent function in the context of Compact implementation. The second section (Procurement Agent Due Diligence Methodology) describes the assessment approach and determinations. The third section (Procurement Agent Due Diligence Survey) contains the questions which will be used as a tool during the Procurement Agent due diligence process.

#### **Procurement Agent Framework**

The Procurement Agent(s) manages the procurement of goods, works and services for the MCA-Entity.<sup>1</sup> When another government entity is designated as the Implementing Entity to manage the implementation of an MCC funded project, the government also might propose that the Implementing Entity (IE) serves as the Procurement Agent for the procurements associated with that project. This may prove to be an efficient way forward since presumably the procurement unit within the IE is familiar with the subject matter of the project procurement and also is accustomed to working with the technical personnel in the IE. However, before consenting to this arrangement, the MCC must assess the capacity of the procurement unit and individuals within the unit to conduct the intended procurements effectively and efficiently and in compliance with MCC Program Procurement Guidelines and implementing policies.

Providing Procurement Agent services to implement an MCC Compact requires much more than basic knowledge of competitive procurement rules and procedures. Rather, it requires a high level of skill in managing the procurement process because MCC funded procurements are generally large and complex procurements that must be conducted on a fast track. Moreover, the procurement unit within the IE must be able to function as an agent to the MCA Entity free from internal administrative controls that would hamper its ability to serve the MCA Entity and to conduct and conclude procurements effectively according to the MCC Program Procurement Guidelines.

#### **Procurement Agent Due Diligence Methodology**

The due diligence process will commence when MCC has received a proposal from the eligible country that identifies the entities that the government proposes to fulfill the roles and

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<sup>1</sup> The MCA Entity is the entity designated by the government of the country receiving assistance from the Millennium Challenge Account as responsible for the oversight and management of implementation of the Compact on behalf of the government.

**Procurement Agent Due Diligence Guidance**  
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responsibilities of Procurement Agent for the MCC funded programs. The Procurement Agent due diligence process will culminate in a recommendation to either: (i) approve the proposed government entity as a Procurement Agent; (ii) approve the proposed government entity as a Procurement Agent on a conditional basis (assuming certain changes in organization or in combination with additional elements or related conditions); or (iii) disapprove the proposed government entity as a Procurement Agent.

In order to make this determination, the office of Program Procurement Policy within Fiscal Accountability will assess the government entity proposed as a Procurement Agent using the set of survey questions provided in third section (Procurement Agent Due Diligence Survey).

Based on the results of the survey and direct discussions with personnel of the proposed Procurement Agent, a professional judgment will be made with respect to the overall capacity of the proposed entity's ability to fulfill the Procurement Agent role for the scope and range of procurements needed to implement the designated project.

## PROCUREMENT AGENT DUE DILIGENCE SURVEY

This *Procurement Agent Due Diligence Survey* is a series of questions for conducting due diligence of organizations proposed to perform Procurement Agent (PA) services. These questions seek information about the capability of the organization proposed to perform the PA services and to assess the skills and capacities of the individuals who are proposed to conduct procurements to adapt to operating under MCC Program Procurement Guidelines. The following is an outline of the subjects covered in this survey.

- I. Proposed Procurement Agent
  - 1. Organization
  - 2. Workload
  - 3. Capability and Experience
- II. Procurement Agent Roles
  - 1. Responsibilities
  - 2. Formal Procurement Procedures
  - 3. Procurement Planning
  - 4. Procurement Process
  - 5. Protests
  - 6. Contract Administration
  - 7. Audits
  - 8. Records

<b>I. Proposed Procurement Agent (PA)</b>	
Name and address of the proposed PA	
<b>1. Organization</b>	
Provide a proposed PA description including an organization chart of the PA and an organization chart for the parent organization showing the location of the PA.	
<b>2. Workload</b>	
(i) Please provide a list of procurement actions in each of the last 3 years, including: <ul style="list-style-type: none"> <li>• Value (in US dollars)</li> <li>• Breakout of contracts between goods, works and services</li> <li>• Whether they were competitively awarded or direct contracts/single source awards</li> </ul>	
(ii) For the list provided above, does the proposed PA manage international or donor funded procurements? If yes, please identify the: <ul style="list-style-type: none"> <li>• Donors</li> <li>• Number of years experience with each donor</li> <li>• Annual value (in US dollars) of international or donor funded procurements managed during the last 3 years</li> </ul>	
(iii) Please describe procurement actions planned within the next 12 months: <ul style="list-style-type: none"> <li>• Value (in US dollars)</li> <li>• Breakout of contracts between goods, works and services</li> <li>• Whether they are planned to be competitively</li> </ul>	

awarded or direct contracts/single source awards <ul style="list-style-type: none"> <li>• Whether they are donor funded</li> </ul>	
<b>3. Capability and Experience</b>	
(i) How many permanent procurement professionals are currently employed in the proposed PA? How many temporary procurement professionals are available to meet surge requirements?	
(ii) For each permanent member of the procurement staff describe: <ul style="list-style-type: none"> <li>• Years of procurement experience</li> <li>• Formal procurement training courses attended</li> <li>• Ability to read, speak and write in English</li> </ul>	
(iii) Please provide current CVs (in English) for the permanent procurement staff proposed to work on MCC procurements.	
(iv) Does the proposed PA require its procurement staff to receive formal training in procurement subjects? If yes, please describe frequency and type of training.	
(v) Describe the impact from the addition of planned Compact procurement actions in terms of capacity and workload on the current PA staffing.	
(vi) Describe the process for hiring new procurement experienced staff, including whether qualified local and/or international procurement professionals are readily available?	
(vii) Describe the availability of computers, printers/scanners, and internet services available to the procurement staff.	

<b>II. Procurement Agent Role</b>	
<b>1. Responsibilities</b>	
(i) Is the proposed PA a distinct procurement unit focused mainly on implementing procurement policy or is it a project management unit that has procurement responsibilities as a collateral duty?	
(ii) Who (what organization or position of responsibility) reviews the procurement decisions?	
<b>2. Formal Procurement Procedures</b>	
Are the proposed PA's procurement procedures and policies publicly available, transparent and clearly documented? If yes, please provide a copy of the applicable procurement policies and procedures.	
<b>3. Procurement Planning</b>	
(i) Describe the proposed PA's process for planning procurement actions. If available, please provide the current procurement plan.	
(ii) Describe the proposed PA's process for developing cost estimates for the goods, works, or services to be procured.	
(iii) Describe the proposed PA's process for publicly advertising anticipated procurements.	
(iv) Does the proposed PA prepare a specific procurement implementation plan for each procurement action that identifies the steps of the procurement process and provides timelines for key milestones in the process? If yes, please provide a sample.	
<b>4. Procurement Process</b>	
(i) Describe the proposed PA's process for verifying that the required goods, works and services are eligible to be procured with public funding.	
(ii) Describe the proposed PA's process for conducting	

market research to support planned procurements.	
(iii) Describe the proposed PA's process for ensuring that competition is maximized.	
(iv) Describe the proposed PA's process for preparing the solicitation documents.	
(v) Describe the proposed PA's process for working with the technical experts to verify that the technical specifications, design drawings and/or terms of reference and other documents describing the objects of procurements are complete, impartial, transparent, and are not in excess of actual needs.	
(vi) Describe how the proposed PA's methodology for establishing evaluation criteria.	
(vii) Describe the proposed PA's process for tracking and promptly answering any written/verbal queries or requests for clarifications received during the bid or proposal preparation period.	
(viii) Describe the proposed PA's process for receiving and safeguarding bids and proposals.	
(ix) Describe the proposed PA's process for establishing a qualified review or evaluation panel and instructing them in their duties and responsibilities.	
(x) Describe the proposed PA's process for ensuring that all personnel associated with a particular procurement avoid conflicts of interest and maintain confidentiality/impartiality.	
(xi) Describe the proposed PA's process for ensuring the evaluation process is conducted in accordance with the evaluation criteria; making appropriate decisions in the acceptance or rejection of defective bids or proposals; and preparing the evaluation report.	
(xii) Describe the proposed PA's process for confirming that the supplier or contractor recommended for award	

is qualified to perform the contract, is not on a debarred list, and is eligible to receive public funding.	
(xiii) Describe the proposed PA's process for confirming that the contract award is in accordance with the approved procurement procedures and the evaluation criteria contained in the solicitation documents.	
<b>5. Protests</b>	
Describe the proposed PA's bid challenge and/or protest resolution processes.	
<b>6. Contract Administration</b>	
(i) Describe the proposed PA's process for managing and administering change orders and/or variations that modify original contracts.	
(ii) Describe the proposed PA's process for addressing complaints and resolving contract disputes in a fair and timely manner.	
<b>7. Audits and Reports</b>	
(i) Have independent audits (financial and performance) been performed on the proposed PA activities? If a recent (within the last year) audit report is available, please provide a copy.	
(ii) Describe the proposed PA's process for resolving deficiencies identified in an audit.	
<b>8. Records</b>	
Describe the proposed PA's process for maintaining accurate and complete procurement records. Do the current records accurately and completely document the procurement rules and procedures applied and decisions made while conducting specific procurements?	