# Appendix J

## APEC Project Procurement Principles

The Guidebook on APEC Projects sets out the guiding principles that underpin APEC’s procurement policies. These principles aim to ensure the integrity of APEC’s procurement processes through promoting fair and open competition, while minimizing the risk of conflict of interest and exposure to fraud and collusion. These principles are intended to set a balance between the careful adherence to good procurement and contracting principles together with an approach to manage potential conflicts of interest, without imposing an undue burden on the PO in undertaking procurement and contracting processes.

APEC procurement is based on the following guiding principles:

* **Value for Money and Openness**

(Competitive • Clear • Effective)

Open tendering is considered the most competitive procurement process as it encourages fair and open competition. Opening the bids to a wide audience of expert suppliers offers the best chance of receiving high quality proposals and meeting project objectives. In APEC’s case, open tendering involves placing the Request for Proposals (RFPs) on the APEC website, thus alerting all member economies to the opportunities.

Value for money seeks to encourage fair competition by conducting a procurement process that makes use of resources in an efficient, effective manner and makes decisions in an accountable and transparent manner to achieve agreed quality outcomes. No procurement process will achieve value for money unless the proposal evaluation process is rigorous. RFPs need to provide a logical, clear and comprehensive description of the scope of work and the requirement. RFPs also need to state the evaluation criteria for assessment and comparison of the costs and benefits of all submissions on a fair and common basis. A fair and rigorous evaluation process and clearly defined contractual agreements are also necessary.

Cost is not the only determining factor in assessing value for money considerations. Consideration should also be given to how well proposals respond to the stated requirements; the performance history of each prospective contractor; and the relative risk of each proposal. This links back to why competitive, open, transparent and equitable tender processes are important.

The revised RFP documentation and approach seeks to reduce a number of risks, including contractors seeking changes to contract terms and conditions, conflict of interest at RFP stage or contractors not delivering the services required. Likewise, the revisions will reduce the risk of a project officer selecting a proposal based on own preferences.

* **Accountability**

(Honesty • Integrity • Fairness)

Adopting an ethical, transparent approach enables business to be conducted fairly, reasonably and with integrity. For APEC Secretariat staff members and POs involved in procurement, there is a requirement to recognize and deal with any real or perceived conflicts of interest as part of the risk management strategy for APEC projects and manage the procurement process a transparent and fair manner.

Some changes recommended for the APEC procurement and contracting process aim to strengthen procurement methods based on the principles for open, transparent, competitive, effective procurement. Accountability is integral to all aspects of procurement and contracting - officials are responsible for the actions and decisions they take and for the resulting outcomes. Decisions and methods need to be standardized and policy-based, be well-justified and diligently recorded.