

Request for Proposal for Consultancy services to design and implement IFRS 9 - Expected Credit Losses (ECL) estimation model

No. and Date of Issue	SDFC/IU/2021/81
	8 th December 2021
Project Name	Consultancy services to design and implement an IFRS 9 - Expected Credit Losses (ECL) estimation model
Purchaser	SME Development Finance Corporation (SDFC)
Address	SME Development Finance Corporation, M. Kaneeru Villa, 2 nd Floor, Orchid Magu, 20212 – Male’ City, Republic of Maldives Phone: 3026015 Mail: info@sdfc.mv
Contact Details	Technical Queries: Name: Mr. Faathih Zahir Email: faathih.zahir@sdfc.mv Phone: +960 3026025
	Procurement Queries: Name: Nahuma Ibrahim Email: nahuma.ibrahim@sdfc.mv Phone: +960 3026015
Clarification Deadline	The Vendors can send written queries via email to procurement@sdfc.mv before 14:00hrs, 14th December 2021.
Mode of bid submission	Online via Zoom meeting
Bid Submission Deadline	The bid submission meeting will be held via zoom on 22nd December 2021, 14:00hrs. Meeting link: https://us06web.zoom.us/j/86554657436?pwd=NVIUbnBqeUpEOWTyak1HYmwzenUvQT09
Penalty for delays	A penalty of 0.25% per day of delay from the final date of delivery. Maximum 10% of the total contract value.
Delivery duration	Delivery duration is to be proposed as per Form 2
Bid Validity	120 Calendar days from the date of submission.
Bid language	English

Table of Contents

1. Submission Requirements	3
1.1. Forms and documents to be submitted with the proposal.....	3
1.2. Proposal	3
1.3. Technical Proposal	3
1.3.1. Profile:.....	3
1.3.2. Documentations and Manuals:.....	3
1.3.3. Methodology and Implementation:.....	4
1.4. Financial Proposal	4
2. Requirements	5
2.1. Introduction	5
2.2. Objective	5
2.3. Scope of work.....	5
2.4. Reporting arrangements.....	6
2.5. Bid Prices	6
2.6. Late Bids.....	7
2.7. Penalty for Delays	7
3. Evaluation criteria	8
3.1. Demonstration:	8
3.2. Technical Evaluation (60%)	8
3.2.1. Functional and Technical Features:	8
3.2.2. Vendor Experience: (30%)	9
3.2.3. Project Duration: (20%)	9
3.3. Financial Evaluation (40%)	9
3.3.1. Price:	9
4. Payment Terms.....	10
4.1. Delivery and Testing.....	10
4.2. Completion.....	10
4.3. Retention	10
4.4. Defects Liability Period.....	10
5. Notice & Disclaimer	11

1. Submission Requirements

All proposals should be submitted with the following documents. Marks will be awarded based on the information provided on these documents.

1.1. Forms and documents to be submitted with the proposal

- Form 1: Application for Bid Submission
- Form 2: Bidder Profile & Technical Proposal
- Form 3: Price Schedule
- Cover Letter
- Declaration on Ethical Conduct and Fraud and Corruption (Annex ii)
- Tax clearance report
- A copy of bidder's Business registration Certificate.
- A copy of bidder's GST registration Certificate

1.2. Proposal

All submissions must contain two proposals:

- Technical Proposal
- Financial Proposal

1.3. Technical Proposal

The financial proposal shall contain all the following documentations and Form 1 and Form 2 from 1.1.

1.3.1. Profile:

- Complete Company Profile
- Details of Customer Service Support Contact (Name, Email and Office Tel. No) and Contact Hours
- Client track record reference for past 5 years.
- References / Documents that prove successful implementation of the proposed model in other organisations.

1.3.2. Documentations and Manuals:

- Technical documentation
- Functional Specifications

1.3.3. Methodology and Implementation:

- Details of Implementation: Should include the details of method(s) that is/are going to be used.
- Detailed Schedule for the Implementation
- Data Migration: Details of how the existing data will be processed into the application. Should mention if the migration task will be run by the Vendor or SDFC. Upon confirmation of the bid, the vendor should provide, table structures that are required for the migration.
- Test Cases: Details of each test case on how the application is going to be tested, should include the parameters, variables, and limitations of the tests.

1.4. Financial Proposal

- Form 3: The price proposal form should be included.
- Breakdown of costing details

2. Requirements

2.1. Introduction

SDFC was established as a specialized financial institution providing financial products and ancillary services to MSMEs and entrepreneurial start-ups with the primary purpose of easing access to finance for MSMEs.

2.2. Objective

SDFC is seeking a vendor who could provide technical expertise in undertaking the task outline in the scope of work to provide consultancy services to design and implement an IFRS 9 - Expected Credit Losses (ECL) estimation model.

2.3. Scope of work

2.3.1 To perform a review and gap analysis assessment for the implementation of IFRS 9 – ECL.

Deliverables

a) The bidder is required to evaluate:

- i) Effectiveness of current procedures and practices, risk management framework and governance adopted by SDFC pertaining to the implementation of IFRS 9.
- ii) The impact of IFRS 9 on other accounting principles and its relative implication for the corporation.
- iii) The current practices followed by SDFC to identify the level, nature, and components of credit risk at the time of the initial recognition of the lending exposure and assure that subsequent alterations in credit risk can be traced and identified.
- xii) The guidelines followed by SDFC on write-offs, restructuring and recoveries of exposures and the procedures used for appraisal of collateral.
- xv) The overall correctness of allowances.

b) Deliver a report on the gap analysis, present revisions to current policies, procedures, and guidelines.

c) Conduct training sessions for the corporation staff encompassing all features of the ECL estimation model.

2.3.2 ECL Model Development

Deliverables

- a) Develop a framework for the estimation of the probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for the calculation of Expected Credit Loss.
- b) Expected Credit Losses (ECL) estimation model.

2.4. Reporting arrangements

With the overall guidance from SDFC, the selected company shall work closely with the technical team at SDFC. The vendor shall in their proposal, describe the project team structure to provide the necessary support and services to SDFC. The Vendor should assign a project manager who shall be responsible for managing the implementation service planning during the project in accordance with the schedule and procedures as stipulated by the SDFC.

1. The Vendor should submit a detailed project structure clearly defining the duties and responsibilities of all the personnel assigned to work on this Contract. Curriculum vitae of all key personnel shall be provided.
2. The Vendor shall ensure that all requirements are successfully implemented according to the agreed schedule. Any additional costs incurred shall be borne by the Vendor.

For enquiries on the technical requirements, please contact Mr. Faathih Zahir email at (faathih.zahir@sdfc.mv). For procurement procedure, please contact Miss. Nahuma Ibrahim email at (nahuma.ibrahim@sdfc.mv)

2.5. Bid Prices

If the Bid Price Quoted in the Bid Form differs from that given in any other attached documents, then the Bid Price given in the Bid Form will prevail.

All bids shall be quoted inclusive of all applicable local taxes and GST. For the local parties, the final quoted price shall be considered including GST. Financial evaluation will be based on this final quoted price inclusive of applicable taxes. For foreign parties, price quoted shall be inclusive of 10% of withholding tax. Financial evaluation will be based on this final quoted price inclusive of applicable taxes

Where bid prices quoted is not indicated or mentioned as “exclusive” of GST or local taxes, SDFC have the right to take the quoted bid price deemed to be inclusive of GST and all applicable local taxes.

2.6. Late Bids

Interested parties are requested to join the bid collection meeting on time and bidders who join the bids collection meeting after the deadline will be restricted to submit the bids.

2.7. Penalty for Delays

A penalty of **0.25% per day of delay from the final date of delivery, up to 10% of total contract value** shall be charged as liquidated damages if the Vendor fails to deliver on time as given.

If the liquidated damages exceed more than 10% of the contract value, SDFC reserves the right to terminate the contract.

3. Evaluation criteria

Proposals will be evaluated based on the following areas:

1. Functional and technical features of the proposed ECL estimation model.
2. Previous track record of successful implementation of the proposed model.
3. Competitive fees.

Evaluation will be carried out in two phases, which will be based on Technical Evaluation and Financial Evaluation.

3.1. Demonstration:

The vendor may be asked to provide a demonstration of the proposed ECL estimation model before the technical evaluation is graded. This demonstration will be given by the vendor via an online meeting.

3.2. Technical Evaluation (60%)

Applicants shall obtain a minimum of 70% from Technical Evaluation to be eligible for Financial Evaluation.

3.2.1. Functional and Technical Features:

Carries 50% weightage of the technical evaluation. The technical evaluation will be based on below features.

1	Transparency, control, auditability, traceability, and repeatability	15%
2	Comprehensive data management capabilities to reduce reconciliation burden	15%
3	Ability to generate detailed estimation reports for review and automated functions for the identification of outliers for in depth analysis	15%
4	Comprehensiveness and functionality of qualitative and quantitative criteria of the impairment model	15%
5	Inputs, assumptions, and estimation techniques adopted for ECL measurement	20%
6	Seamless integration with LMS and accounting systems/ effectiveness as a standalone system	10%
7	Reporting and financial disclosures with automated analysis of allowance sensitivity and volatility over multiple reporting dates	10%

3.2.2. Vendor Experience: (30%)

The bidder must submit a portfolio of relevant work done accompanied by reference letters about the satisfactory delivery of finished projects. The bidder should provide contact numbers and names of references for each project. The reference letters should be stamped by issuing company. Points for experience will be given as follows:

$$\text{MAX\%} = (\text{No. of projects} / \text{Benchmark}) \times \text{weightage}$$

3.2.3. Project Duration: (20%)

For delivery period, points will be given using benchmark marking criteria where the shortest delivery period for delivery will be considered as the benchmark. The full marks will be given to the benchmark value and others weighted accordingly using the formula below.

$$\text{MAX\%} = (\text{Benchmark} / \text{Delivery Period}) \times \text{weightage}$$

Technical Evaluation Criteria		Weightage
1	Functional and Technical Features	50%
2	Vendor Experience	30%
3	Project Duration	20%
Total	100%	
To be carried forward for Financial Evaluation		60%

Maximum 60% of total marks received from Technical Evaluation will be carried forward to Financial Evaluation.

3.3. Financial Evaluation (40%)

3.3.1. Price:

Carries 40% of the weightage of financial evaluation.

Evaluation Summary

Evaluation Criteria		Weightage
1	Price	40%
2	Technical Evaluation	60%
Total		100%

4. Payment Terms

Payment will be made according to a Payment Schedule which will be included in the Contract, the payment schedule will be based on the following stages:

4.1. Delivery and Testing

70% (Seventy Percent) of the contract value will be paid, upon delivery and after completion of the first testing phase.

4.2. Completion

Final payment of 30% (Thirty Percent) of the contract value is to be made after examining any issues that may arise once the ECL estimation model is operated for two calendar months after deployment.

4.3. Retention

Retention will be deducted at 5% (Five Percent) of the contract sum. Retention will be released upon completion of defects liability period, subject to making good all defects.

4.4. Defects Liability Period

The defects liability period will be 6 Calendar months after completion and handover of the project work.

5. Notice & Disclaimer

The information contained in this Request for Proposal (“RFP Document”), or information provided subsequently to Vendor(s) or applicants whether verbally or in documentary form by or on behalf of SME Development Finance Corporation (SDFC), is provided to the Vendor(s) on the terms and conditions set out in this RFP document and all other terms and conditions subject to which such information is provided. This RFP document is not an agreement and is neither an offer from SDFC nor its affiliates. The purpose of this RFP is to provide applicants who are qualified to submit the bids (“Vendors”) with information to assist them in formulation of their proposals (“Bids”). This RFP does not claim to contain all the information each Vendor may require. Each Vendor may conduct its own independent investigations and analysis and is free to check the accuracy, reliability, and completeness of the information in this RFP. The Vendor shall obtain independent advice or verify with SDFC wherever necessary. SDFC makes no representation or warranty, express or implied, and shall incur no liability whatsoever under any law, statute, rules, or regulations as to the accuracy, reliability, or completeness of this RFP. SDFC may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this RFP. The information contained in the RFP document is selective and is subject to update, expansion, revision, and amendment. SDFC does not undertake to provide any Vendor with access to any additional information or to update the information in this RFP or to correct any inaccuracies therein, which may become apparent. SDFC reserves the right of discretion to change, modify, add, cancel, or alters any or all the provisions of this RFP and/or the bidding process, without assigning any reasons whatsoever. Such change will be intimated or made accessible to all Vendors. Any information contained in this document will be superseded by any later written information on the same subject made available/accessible to all recipients by SDFC. Information provided in this RFP is on a wide range of matters, some of which may depend upon interpretation of law. The information given is not intended to be an exhaustive account of statutory requirements and should not be regarded as a complete or authoritative statement of law. SDFC does not own any responsibility for the accuracy or otherwise for any interpretation or opinion on law expressed herein. Further, SDFC also does not accept liability of any nature whether resulting from negligence or otherwise howsoever caused arising from reliance of any Vendor upon the statements contained in this RFP. SDFC reserves the right to reject any or all the responses to RFPs / Bids received in response to this RFP at any stage without assigning any reason whatsoever and to cancel this RFP without being liable for any loss/injury that Vendor might suffer due to such reason. The decision of SDFC shall be final,

conclusive, and binding on all the parties directly or indirectly throughout the process of this RFP. It may be noted that notice regarding corrigenda, addendums, amendments, time-extensions, clarifications, response to Vendors' queries etc., if any to RFP, will be published through government gazette and SDFC's website. Prospective Vendors shall regularly visit SDFC's website and Gazette for any changes / development in relation to this RFP. Any expenses incurred by the Vendors in responding to this RFP will need to be borne by them; SDFC will not compensate/reimburse any such costs.

End of RFP