

The New Development Bank

Request for Proposal

(This is not a Purchase Order)

1. Introduction

The New Development Bank (NDB) is issuing a Request for Proposal (RFP) to invite qualified suppliers to provide proposals to NDB's Risk Models validation project. Please refer to the following information or attached TOR (Service Scope) for detailed requirements.

Those interested and qualified companies please register into NDB's e-procurement system to be **NDB's registered suppliers** and participate in the bidding process (please be noted the contact information provided in registration especially email address must be correct as all communications regarding the bid including RFP distribution and award notice will be sent through it). NDB will choose the most suitable one(s) from the shortlisted suppliers. NDB at its sole discretion reserves the right to reject all proposals in accordance with its internal policy and guidelines.

2. RFP Schedule

Please be noted the following activities could take place in the RFP process. NDB will inform the specific arrangements in advance and the suppliers are requested to respond timely.

Activity	Date
Distribution of RFP	Dec.22
Notice of Intent	
Proposal Response Due	Jan.5,2021
Presentation and Demonstration	TBD
Signing Contract	TBD

3. Instruction to bidders

3.1 Contact Information

Please use the following contact information for all correspondence with NDB concerning this RFP. **Suppliers who solicit information about this RFP either directly or indirectly from other**

sources will be disqualified.

Ms. Lisa Yu & Mr. Shubham Prakash

Address: 33rd Floor, BRICS Tower, No. 333, Lujiazui Ring Road, Pudong, Shanghai

上海浦东陆家嘴环路 333 号，金砖大厦 33 层

Email: yu.lisa@ndb.int & prakash.shubham@ndb.int

Tel: 86-21-80214413 & 86-21-80214427

3.2 Submission of Proposals

Proposals shall be prepared in English or bilingual (English and Chinese). Both hard copy and electronic version is acceptable. Hard copy (6copies at least) shall be sent in sealed covers. Electronic version is obligatory and shall be sent online in NDB's e-procurement system.

For submission of proposal, the qualified suppliers should register to NDB's e-procurement system to be **NDB registered suppliers** (subject to NDB's internal approval) in advance. Then registered suppliers need to **ENROLL** in the procurement notice (for open competitive bidding) or **ACCEPT** the invitation (for limited competitive bidding) before submitting proposal online according to the timeline. (<https://www.ndb.int/data-and-documents/corporate-procurements/>)

The mentioning of deadline, due time, closing date, etc. herein means Beijing time; and NDB's business time is from 9:00AM to 5:15PM in working days.

3.3 Questions

Please submit questions in writing by e-mail. Vendors should refer to the specific RFP paragraph number and page and should quote the questioned passage. NDB will be prompt in responding to questions. All questions will be responded to as a group and sent to all vendors.

3.4 Ownership of Materials

All materials submitted in response to this RFP become the property of NDB. Proposals and supporting materials will not be returned to vendors.

3.5 Proposal Costs

NDB is not responsible for any costs incurred by the vendor in the preparation of the proposal or the site visit.

3.6 Proposal Format (if applicable)

NDB recommends that the proposal should contain two parts as follows.

Volume 1 – Main Proposal

Section 1	Executive Summary
Section 2	Functional Section
Section 3	Technical Section
Section 4	Project Management Section
Section 5	Support Section

Volume 2 – Price Proposal – Should be separate but integral part of the proposal. The currency is USD; if quoting in other currencies, the exchange rate should be clearly defined. **The price shall be inclusive of applicable taxes (if not, please specify);** and other charges shall also be clearly defined.

3.7 Validity Period

The proposal including pricing quotation shall be valid at least for 30 days.

3.8 RFP Amendments

New Development Bank reserves the right to amend this RFP any time prior to the closing date. Amendments will be issued only to vendors who are going to complete a proposal.

3.9 Sub-contractor

NDB expects to negotiate and sign contract with one winning vendor. NDB will accept only complete solutions from a primary vendor, and will not accept any proposals that are on only one item or a combination of items from the RFP. The prime vendor will be responsible for the management of all subcontractors. NDB will not accept any invoices from subcontractors or become part of any negotiations between a prime vendor and a subcontractor.

3.10 Award Notification

NDB could negotiate with all shortlisted suppliers before deciding the winning vendor. And NDB reserves the right to negotiate further with the winning supplier before and in the contracting process. The remaining vendors will be notified in writing of their selection status.

4. Evaluation Criteria

The proposals will be reviewed and evaluated by NDB’s team in accordance with the related policy and guidelines, especially the six principles (Economy, Efficiency, Competition, Transparency, Value for Money, Fit for Purpose) contained in NDB’s corporate procurement policy. NDB is interested in obtaining a complete solution to the requirements contained in this RFP. Proposals that meet the proposal instructions and requirements will be given a thorough and objective review. Proposals that are late, or do not comply with proposal instructions, or take exceptions to mandatory requirements will be eliminated without further consideration.

The following are the key factors that would be taken into consideration for evaluating the proposals.

i. Technical Approach and Methodology or Software Solution

Primary consideration will be given to meet the mandatory requirements as listed in this RFP.

The following are factors in the evaluation.

1. Meeting the requirements as stated in this RFP;
2. Understanding of the work to be performed;
3. Technical approach and methodology to accomplish the work;
4. Completeness and competence in addressing the scope of work.

ii. Project Management

NDB also believes that effective project management is essential for a successful implementation. Vendors will be evaluated on the completeness and responsiveness of their project management plans and the project team assigned.

As part of the project management plan, vendors must demonstrate adequate experience in developing and implementing the requested project. NDB's confidence in the vendors' ability to meet deadlines and successfully manage similar projects will be a primary consideration.

Special consideration is given to vendors who propose a detailed project plan with sufficient breakdown of tasks and steps to demonstrate a complete understanding of the project.

iii. Pricing

NDB will consider pricing as part of the evaluation criteria. **Lowest price is not essential to win;** however, large pricing differentials between vendors will be carefully examined. Price will be used as a final indicator for determining the vendor finalists when all other criteria have been normalized.

iv. Presentation and Demonstration

The results of Presentation and Demo will be evaluation factors.

v. Support and Maintenance

NDB believes the ability to perform timely support is also an important factor for the success of this project. Therefore, vendors should provide adequate information to demonstrate their capabilities to fulfill this task.

SOW (Scope of Work)

1. Background:

New Development Bank ('The Bank') has developed, implemented and revised models for measurement and monitoring of various risks in the Bank as per the requirement emanating from respective Policies or Guidelines. The output from the risk models is used in various business processes and activities of the Bank. These include risk monitoring, pricing of non-sovereign loans, management decisions, financial statements, etc.

2. References

The Risk Division employs multiple financial and non-financial risk models and aims to benchmark the models to the applicable guidelines and practices such as Basel framework, accounting practices (IFRS 9), etc. With this objective, the Bank seeks expertise of proven professionals in the domain to validate its models and benchmark them to the leading practices in the industry.

3. Scope and timelines

The following table details the components for the proposed model validation engagement scope along with tentative timeframe for implementation:

Sl. No.	Details of Risk Model (to be validated)	Scope and Details	Timeline
1.	Capital Utilization Ratio – risk capital as per Standardized Approach & Internal Ratings based approach	<p>The Bank computes risk based capital based on standardized and internal ratings based approaches. The validation scope to include:</p> <ul style="list-style-type: none"> • Credit risk capital as per Standardized Approach; • Credit risk capital as per Basel IRB Approach; • Market Risk capital as per Standardized Approach; • Operational risk capital as per Basic Indicator Approach. 	Q1_2021
2.	Economic Capital	<p>The Bank uses Economic Capital for internal risk management purposes. The underlying steps entail:</p> <ul style="list-style-type: none"> • Valuation of credit exposure, joint probability distributions (migration matrices and correlation structure), and statistical simulation techniques to compute the Credit VaR; • Market Risk VaR includes Interest Rate VaR (duration gap based) and FX VaR (NOP based); • BIA approach for OR Capital; • Aggregation of components to overall Economic Capital. 	Q1_2021
3.	S&P RAC Ratio	<p>The Bank uses S&P Risk Adjusted Capital (RAC) ratio for internal risk management purposes. The underlying steps entail computation of:</p> <ul style="list-style-type: none"> • Total Adjusted Capital; • Risk Weighted Assets (before and after Multilateral Lending Institutions – MLI – adjustments). 	Q1_2021

Sl. No.	Details of Risk Model (to be validated)	Scope and Details	Timeline
4	Pricing models for non-sovereign loans	<p>The Bank uses internal model for pricing of loans to potential non-sovereign borrowers. The model includes the following:</p> <ul style="list-style-type: none"> • Market-based pricing, to ensure that the lending rate is competitive and in line with the market rate at which the client would be able to borrow funds in the market. • Risk-based pricing, to ensure that the lending rate is appropriate for the client-specific risks taken and that the Bank recovers its costs and expenses and earns an acceptable risk adjusted return on its capital. • 	Q1_2021
5.	Operational Risk Management (ORM) framework	<ul style="list-style-type: none"> • Review existing ORM policy and guideline, provide gap analysis and recommendations; • Review ORM methodologies namely Risk and Control Self-Assessment, Incident Management, Key Risk Indicators, ORM reporting and awareness; and • Benchmark with FIs and/or banking industry best practices including commercial banking industry and provide roadmap; 	Q1_2021

4. Requirements

The Bank intends to engage a consulting firm (from BRICS nations) with global experience in risk models, validation for Multilateral Development Banks or similar Financial Institutions. The global consulting service provider is expected to fulfil the following requirements (indicative, non-exhaustive):

- Assist the Bank in achievement of the scope detailed above;
- Availability of qualified and experienced personnel to undertake the specified activities;

- Undertake model review and validation exercise for the scope specified above;
- The Bank's models entail spreadsheets, Python and R-codes for underlying computations. Technical adeptness of such tools is required;
- The service provider is expected to submit 'Model review/ validation report' at the conclusion of the exercise for each model, which may include the following at a minimum:
 - Scope and approach
 - Details of methodology for model validation exercise – data collation, quality assessment, analysis;
 - Summary of key findings of model performance: quantitative and qualitative;
 - Recommendations;
 - Other areas, as per best practices of model validation/ review guidelines.
- Relevant annexures and working files (spreadsheets, codes, data transformation files, etc.) detailing the validation exercise to be submitted to the Bank along with the report;
- Development of deliverables, and review of existing framework of the Bank and provide feedback for augmentation (for existing files);
- Timely reporting of project progress:
- The expected project conclusion timeline is 9 – 11 weeks.