

Tender Number: T39/10/22

Tender description: REQUEST FOR PROPOSAL FOR VALIDATION OF THE IDC IFRS 9 ECL IMPAIRMENT MODEL

Question and Answers Version 1

No.	Question	Type	Answer
1	Timeframe: When does the IDC expect to provide feedback to the successful bidder and what is the expected start date for the project? Are there any hard deadlines to this project, i.e. does the work need to be completed by a specific date regardless of the 6 week estimated project duration?	Technical	The IDC hopes to confirm the successful bidder on or around 30 November 2022. It is the intention to have a kick-off meeting with the successful bidder before 15 December 2022. The IDC will close for the festive period from 23 December to 3 January 2022. The hard deadline for the validation project to be completed is mid-February, to allow the model developer to implement the validation recommendations before the IDC's year end of 31 March 2022.
2	As team CV's are required to be attached, in addition to annexure 5, may we know if there are any format requirement for the detailed CV's?	Admin	There is no specific format required, the CV must include details as requested in the tender document e.g. qualifications, skills, experience etc.
3	ECL process overview: Could you please provide an overview of the ECL methodology and process as well as the underlying feeder models? Does the project entail the validation of the underlying feeder models (i.e. PD, LGD and EAD)? How many portfolios underly the ECL calculations and how many feeder models are to be considered for this project (if applicable)?	Technical	The methodology is based on the calculation of the expected lifetime credit losses which is then overlaid with macroeconomic assumptions. The feeder IAS 39 models do not form part of the validation. The IFRS 9 ECL calculation considers Small Medium Enterprise /Middle Market, Project Finance and Films portfolios. No feeder models are to be considered
4	Deliverables: Will the deliverable of the project include any presentations to internal committees or is the only deliverable a comprehensive written report?	Technical	A final written report and also presentations of the results to the internal steering and working committees

5	<p>BEE scoring: Could you please provide more detail on the scoring of BEE level of the bidder?</p> <p>Are additional points awarded for a Level 1 BEE contributor if it collaborates with a BEE partner?</p>	Admin	<p>Bidders are allocated points in terms of a preference point system based on the B-BBEE Contribution Level status that is in accordance with a valid B-BBEE certificate or a sworn affidavit. No additional points are awarded for a level 1 BEE contributor for collaboration with a BEE partner.</p> <p>Note: If companies partner with another company as a Joint-Venture (JV) you would need to submit a consolidated B-BBEE certificate for the JV.</p>
6	<p>What is the scope of the IFRS 9 model to be validated? Does the model in question cover only loans and advances to external counterparties, or are there also instruments such as financial guarantee contracts, trade receivables, intercompany facilities or sovereign bonds included in the scope?</p>	Technical	<p>The scope include loans & advances, guarantees contracts, trade and other receivables.</p>
7	<p>Will external or internal audit reports, and/or internal monitoring reports, be made available during the course of the validation procedures?</p>	Technical	<p>Yes, all the reports regarding the model in question will be made available.</p>
8	<p>Are the scorecards that are used as input into the IFRS 9 model also part of the validation scope? If so, will the scorecard documentation and model development code and data be made available during the course of the validation procedures?</p>	Technical	<p>Feeder scorecards are out of scope.</p>
9	<p>What is the number of products that run through the SAP system?</p>		<p>All products within the IDC portfolio run through the SAP system, however the products inscope will only be loans & advances, guarantees contracts, trade and other receivables.</p>
10	<p>What is the name of the SAP module that is utilised?</p>	Technical	<p>Customized programme within SAP.</p>
11	<p>Is the ECL process fully automated?</p>	Technical	<p>Not fully automated.</p>

