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| **Section** | **Paragraph** | **Proposed Change** | **Comments** |
| **Acronyms, Abbreviations and Defined Terms** |  | See table |  |
| **General Considerations** | 1.2 | The responsibility for the implementation of the project, and therefore for the award and administration of contracts under the project, rests with the Borrower.[[1]](#footnote-1) The IDB, for its part, is required by the Agreement Establishing the Bank to “… take the necessary measures to ensure that the proceeds of any loan made, guaranteed, or participated in by the Bank are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency.” While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the particular case, the following Bank’s Core Procurement Principles guide procurement under this Policy:   1. Value for Money: The principle of VfM means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM. 2. Economy and Efficiency in the implementation of the project, including the procurement of the goods and works involved; 3. the Bank’s interest in giving all eligible bidders from developed and developing countries[[2]](#footnote-2) the same information and equal opportunity to compete in providing goods and works financed by the Bank; 4. the Bank’s interest in encouraging the development of domestic contracting and manufacturing industries in the borrowing country; and 5. the importance of transparency in the procurement process. 6. Fit for Purpose: The principle of fit for purpose applies both to the intended outcomes and the procurement arrangements in determining the most appropriate approach to meet the project development objectives and outcomes, considering the context and the risk, value, nature, and complexity of the procurement. 7. Integrity: The principle of integrity refers to Bank’s financing being used for its intended purposes and good governance practices, and requires that all parties involved in the procurement process observe the highest standard of ethics during the procurement process of Bank’s financed contracts and execution of the project, and refrain from Prohibited Practices, in accordance with paragraph 1.16 |  |
|  | 1.3 | Open competition is the basis for efficient public procurement. Borrowers shall select the most appropriate method for the specific procurement. Unless otherwise justified by the procurement strategy as required in Appendix 1 hereto and fit-for-purpose considerations, International Competitive Bidding (ICB), either as a Request for Bidding or Request for Proposal properly administered, and with the allowance for preferences for domestically manufactured goods under prescribed conditions shall be the most appropriate method. In most cases, therefore, the Bank requires its Borrowers to obtain goods, works, and services through ICB open to eligible suppliers and contractors.[[3]](#footnote-3) Section II of these Policies describes the procedures for ICB. |  |
|  | 1.4 | Where ICB is not the most appropriate method of procurement, other methods of procurement may be used. Section III describes these other methods of procurement and the circumstances under which their application would be more appropriate to implement procurement procedures that reflect the optimal value for money throughout the procurement cycle, and the Bank’s core procurement principles are respected. The particular methods that may be followed for procurement under a given project are provided for in the Loan Contract. The specific contracts to be financed under the project, and their method of procurement, consistent with the Loan Contract, are specified in the Procurement Plan as indicated in paragraph 1.18 of these Policies. |  |
| **Alternative Procurement Arrangements** | 1.6 | At the Borrower’s request, the Bank may, subject to its policies, rules and applicable operational requirements, agree to rely on and apply the procurement rules and procedures of another multilateral or bilateral agency or organization and may agree to such a party taking a leading role in providing the implementation support and monitoring of procurement activities through mutual reliance agreements. Such agreements shall be consistent with the Bank’s Core Procurement Principles and the provisions set forth in par. 1.2 and ensure that the Bank’s Prohibited Practices and Sanctions Procedures, and contractual remedies set forth in its legal agreements with the Borrower, permit reliance on those policies of the designated lead institution. |  |
| **Use of Country System** | 1.7 | At the Borrower´s request, the Bank may rely on and apply the procurement rules, procedures and systems of the Borrower at national or subnational level, or agency of the Borrower when ensure Core Procurement Principles, according to the Bank’s assessments[[4]](#footnote-4) and is acceptable for the Bank. |  |
| **Eligibility** | 1.10 | As exceptions to the foregoing:  (d) As an exception to (c), when the services of government-owned enterprises, in the Borrower’s country are of a unique and exceptional nature and their participation is critical to project implementation, the Bank may agree on the contracting of those institutions on a case-by-case basis. |  |
| **Advance Contracting and Retroactive Financing** | 1.11 | The Borrower may wish to proceed with the initial steps of procurement before signing the related Bank loan. In such cases, the procurement procedures, including advertising, shall be in accordance with Bank’s Core Procurement Principles for the eventual contracts to be eligible for Bank financing, and the Bank shall review the process used by the Borrower. A Borrower undertakes such advance contracting at its own risk, and any concurrence by the Bank with the procedures, documentation, or proposal for award does not commit the Bank to make a loan for the project in question. If the contract is signed, reimbursement by the Bank of any payments made by the Borrower under the contract prior to loan signing is referred to as retroactive financing and is only permitted within the limits specified in the Loan Contract. |  |
| **Misprocurement** | 1.14 | The Bank does not finance expenditures for goods and works which have not been procured in accordance with the agreed provisions in the Loan Contract and as further elaborated in the Procurement Plan.[[5]](#footnote-5) In such cases, the Bank may exercise other remedies provided for under the Loan Contract, take other appropriate actions, including declaring misprocurement. Even once the contract is awarded after obtaining a “no objection” from the Bank, the Bank may still declare misprocurement if it concludes that the “no objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Borrower or the terms and conditions of the contract had been modified without the Bank’s approval. |  |
| **Prohibited Practices** | 1.17 | With the specific agreement of the Bank, a Borrower may introduce, into bid forms for large contracts financed by the Bank, an undertaking of the bidder to observe, in competing for and executing a contract, the country's laws against Prohibited Practices (including bribery), and the regulations of a Multilateral Development Bank or International Development Agency related to Prohibited Practices as applicable, as listed in the bidding documents.[[6]](#footnote-6) The Bank will accept the introduction of such undertaking at the request of the Borrowing country, provided the arrangements governing such undertaking are satisfactory to the Bank. |  |
| **Procurement Complementary Support** | 1.19 | The Bank may agree to provide the Borrower with Procurement Complementary Support (PCS) where the Borrower, or as, appropriate, the member country, and when as deemed by the Bank:  (a) weaknesses in the execution capacity of the borrower have been identified; or  (b) in cases of complex or innovative selection and contracting processes. |  |
|  | 1.20 | PCS shall not result in the Bank’s executing procurement on behalf of the Borrower, and project execution remains the Borrower’s responsibility. The scope and nature of such support is determined by the Bank on a case-by- case basis. |  |
| **Electronic Procurement Systems** | 1.21 | Bank encourages Borrowers’ to continually modernize their procurement systems, including, incorporating electronic procurement elements that ensure Bank’s Core Procurement Principles. Borrowers may use electronic procurement systems (e-Procurement) for aspects of the Procurement Process, including: issuing Procurement Documents, and addenda, receiving Bids, Proposals, applications, quotations, and carrying out other procurement actions or methods, such an electronic reverse auction, provided the Bank is satisfied with the adequacy of the system, including its accessibility, security and integrity, confidentiality, and audit trail features. |  |
| **Procurement of Leased Assets** | 1.22 | Leasing may be appropriate when there are economic and/or operational benefits for the Borrower (e.g. lower financing costs, tax benefits, assets used for a temporary period, reducing risks of obsolescence). Borrowers may use leasing if agreed with the Bank and specified in the Procurement Plan. Appropriate risk mitigation measures shall also be agreed with the Bank. |  |
| **Procurement of Second-Hands Goods** | 1.23 | If agreed with the Bank and specified in the Procurement Plan, the Borrower may procure second-hand Goods, if doing so would provide an economic and efficient means of achieving the project’s development objectives. The following requirements must apply:   1. it shall be specified in the Procurement Plan with any risk mitigation measures that may be necessary specified; 2. the procurement of second-hand Goods shall not be combined with the procurement of new Goods; 3. the technical requirements/specifications shall describe the minimum characteristics of the second-hand Goods, including the age and condition; and 4. appropriate warranty provisions shall be specified. |  |
| **Sustainable Procurement** | 1.24 | If agreed with the Bank, Borrowers may include additional sustainability requirements in the procurement process, including their own sustainable procurement policy requirements, if they are applied in a manner that is consistent with the Bank’s Core Procurement Principles. |  |
| **Evaluation criteria** | 1.25 | The evaluation criteria shall be designed to enable the Borrower to achieve value for money in procurement financed by the Bank. The evaluation criteria shall reflect the nature of the procurement and it could be based on price or a combination of price and non-price attributes such as quality, sustainability, innovation, life-cycle costs, amongst other, and it should be preferably expressed in monetary terms. When this is not possible, non-price attributes must be measurable and made comparable among bids. Based on the evaluation criteria the awarding criteria could be only the price called “the lowest evaluated cost” or a combination of price and non-price attributes called “most advantageous bid”. |  |
| **Type and Size of Contracts** | 2.2 | The bidding documents shall clearly state the type of contract to be entered into and contain the proposed contract provisions appropriate therefore. The selection of types and size of contracts takes into account the nature, risk, complexity of the procurement, and VfM considerations. Applicable contract types and size include lump sum, unit price, reimbursable cost-plus fees, turnkey, performance-based, time-based, Framework Agreements, management services, design and build, build-own-operate, and build-operate-transfer, or a combination thereof, among others acceptable to the Bank. The most common types of contracts provide for payments on the basis of a lump sum, unit prices, reimbursable cost-plus fees, or combinations thereof. Reimbursable cost contracts are acceptable to the Bank only in exceptional circumstances such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy. Such contracts shall include appropriate incentives to limit costs. |  |
| **Prequalification of Bidders and Initial Selection** | 2.8 | Prequalification is usually necessary for innovative, large or complex works, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition, such as custom-designed equipment, industrial plant, specialized services, some complex information and technology systems, innovative solutions and contracts to be let under turnkey, design and build, or management contracting. This also ensures that invitations to bid are extended only to those who have adequate capabilities and resources. |  |
| **Single Stage One-Envelope** | 2.11 | Single-stage procurement is most appropriate when the specifications and requirements are sufficient to enable submissions of complete Bids. Single stage-one envelope procurement requires submission of both technical and financial Bids in one envelope. |  |
| **Single Stage Two-Envelopes** | 2.12 | If appropriate, a two-envelope process may be used in single-stage procurement. The first envelope contains the qualifications and technical part and the second envelope the financial (price) part; the two-envelope are opened and evaluated sequentially. |  |
| **Multistage Procurement** | 2.13 | It may often be impractical to prepare complete technical specifications in advance for the procurement of:  (a) large complex facilities for which a turnkey contract will be awarded for the design and build of a Plant;  (b) works, goods or services of a complex and special nature; or  (c) innovative solutions, complex information and communication technology that is subject to rapid technological advances. |  |
|  | 2.14 | In the first stage, Proposals are invited on the basis of a conceptual design or performance or functional specification, subject to the Borrower’s conducting confidential discovery and clarification meetings to learn about possible solutions. In the second stage, the request for bids/request for proposals document may be amended to reflect the discoveries made in the confidential meetings, and issued to the qualified Bidders, requesting them to submit final Proposals. As required in the request for bids/request for proposals document, the second stage may be submitted in one (1) envelope, or two (2) envelopes for the technical and financial parts respectively where the two envelopes are opened and evaluated sequentially. |  |
| **Competitive Dialogue** | 2.15 | Competitive Dialogue is a multistage procedure whereby the Borrower or Executing Agency is able to conduct dialogue with bidders directly with the aim of developing one or more suitable alternative solutions to meet its requirements. This procedure is designed for particularly complex or innovative procurements and it is appropriate:  (a) where a number of solutions that satisfy the Borrower’s requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and  (b) due to the nature and complexity of the procurement, the Borrower is not objectively able to:   1. adequately defines the technical or performance specifications and scope to satisfy its requirements; and/or 2. fully specify the legal and/or financial arrangements of the procurement. |  |
|  | 2.16 | In Competitive Dialogue, the Borrower enters into dialogue with prequalified firms/joint ventures, with the aim of better identifying and defining the means best suited to satisfy the Borrower’s requirements before inviting the firms to submit their final Proposals. The use of this method requires justification in the procurement strategy, prior Bank’s approval and its inclusion in the Procurement Plan. To ensure transparency and accountability, the Borrower shall identify an independent Probity Assurance Provider (Probity Auditor) acceptable to the Bank. The Probity Auditor shall be appointed at the beginning of the procurement and audit the process until the award of the contract. |  |
| **Innovation Partnership** | 2.17 | Innovation Partnership is a multistage procedure whereby the Borrower needs a solution for delivering better works, goods or services to achieve the sustainable development goals that are not readily available in the market, in accordance with Bank’s Core Procurement Principles. This procedure shall be used in exceptional circumstances, where: (i) the new work, goods, and non-consulting services sought have innovative merit, (ii) innovation needs to occur during the performance of the contract, (iii) the supplier(s) need to develop the new solution with the technical collaboration of the Borrower and (iv) the supplier(s) is (are) expected to create the innovative solution and ensure its real-scale implementation for the Borrower, in other words, there is an intention to include both development and purchase of the solution in the contract, provided that these correspond to agreed performance levels and minimum costs. |  |
| **Validity of Bids and Bid Security** | 2.22 | In place of a bid security the Borrower may require Bidders to sign a Bid Securing Declaration, accepting that if they withdrawal or modify their bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or submit a performance security before the deadline defined in the bidding documents, they will be suspended for the period of time specified in the bidding documents from being eligible to submit bids for contracts with the entity that invited the bids. |  |
| **Pricing** | 2.30 | In the case of design and build or turnkey contracts, the bidder shall be required to quote the price of the installed plant at site, including all costs for supply of equipment, marine and local transportation, and insurance, installation, and commissioning, as well as associated works and all other services included in the scope of contract such as design, maintenance, operation, etc. Unless otherwise specified in the bidding documents, the turnkey price shall include all duties, taxes, and other levies.[[7]](#footnote-7) |  |
| **Bid Opening Procedures** | 2.53 | The time for the bid opening shall be the same as for the deadline for receipt of bids or promptly[[8]](#footnote-8) thereafter, and shall be announced, together with the place for bid opening, in the invitation to bid. The Borrower shall open all bids at the stipulated time and place. Bids shall be opened in public and shall followed the procedures established in the bidding documents (single stage with one or two envelopes or multistage); bidders or their representatives shall be allowed to be present (in person or online, when electronic bidding is used). The name of the bidder and total amount of each bid, and of any alternative bids if they have been requested or permitted, shall be read aloud (and posted online when electronic bidding is used) and recorded when opened, and a copy of this record shall be promptly sent to the Bank and to all bidders who submitted bids in time. Bids received after the time stipulated, as well as those not opened and read out at bid opening, shall not be considered. |  |
| **Confidentiality** | 2.55 | After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the notification of intention of contract award or publication of contract award, as applicable or agreed with the Bank for the process. |  |
| **Evaluation and Comparison of Bids** | 2.57 | Evaluation criteria and methodology shall be specified in detail in the bidding documents. The evaluation criteria and methodology shall be appropriate to the type, nature, market conditions, and complexity of what is being procured. To achieve VfM, the evaluation criteria may take into account factors as cost, quality, risk, innovation, sustainability and life cycle. Subject to paragraph 2.68, the bid with the most advantageous bid,[[9]](#footnote-9) but not necessarily the lowest submitted price, shall be selected for award. |  |
|  | 2.60 | Bidding documents shall also specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the most advantageous bid. The use of rated-type criteria are criteria that are evaluated on merit points as they cannot be fully assessed in monetary terms. The merit points assigned are normally based on the degree to which the bid meets or exceeds the requirements detailed in the bidding document. For works, goods and equipment, other factors may be taken into consideration including, among others, payment schedule, delivery time, operating costs, efficiency, innovation solutions and compatibility of the equipment, availability of service and spare parts, and related training, safety, sustainability and environmental benefits. The factors other than price to be used for determining the most advantageous bid shall, to the extent practicable, be expressed in monetary terms, or given a relative weight in the evaluation provisions in the bidding documents. |  |
| **Abnormally low bids** | 2.63 | An Abnormally Low Bid is one in which the Bid price, in combination with other elements of the Bid, is abnormally low in relation with the subject matter of the procurement that it raises material concerns with the Borrower as to the capability of the Bidder to perform the contract for the offered price. |  |
|  | 2.64 | Where the Borrower identifies a potentially Abnormally Low Bid, the Borrower shall seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to the subject matter of the contract, scope, proposed methodology, schedule, allocation of risks and responsibilities, and any other requirements of the biding documents. If, after evaluating the price analyses, the Borrower determines that the Bidder has failed to demonstrate its capability to deliver the contract for the offered price, the Borrower shall reject the Bid. |  |
| **Post qualification of Bidders** | 2.68 | If bidders have not been prequalified, the Borrower shall determine whether the bidder whose bid has been determined to offer the most advantageous bid and the other bidders that passed the evaluation, have the capability and resources to effectively carry out the contract as offered in the bid. The criteria to be met shall be set out in the bidding documents, and if the bidder does not meet them, the bid shall be rejected. In such an event, the Borrower shall make a similar determination for the next most advantageous bidder. |  |
| **Best and Final Offer** | 2.69 | In international competitive procurement subject to prior review, the Bank may agree to the Borrower’s use of Best and Final Offer (BAFO). BAFO is an option under which the Borrower invites Bidders that have submitted substantially responsive Bids to submit their best and final offer. Such a process may be appropriate when the procurement process would benefit from Bidders’ having a final opportunity to improve their Bids, including by reducing prices, clarifying or modifying their Bid, or providing additional information. The Borrower shall inform Bidders in the bidding documents:   1. if a BAFO is to be used 2. that Bidders are not obliged to submit a BAFO; and   that there will be no negotiation after the BAFO. |  |
| **Negotiations** | 2.70 | In international competitive procurement subject to prior review, the Bank may agree to the Borrower’s use of negotiations following Bid evaluations and before final contract award. Any negotiation shall be in accordance with the requirements of the request for bids document. If negotiations are undertaken, they shall be held in the presence of a Probity Assurance Provider (Probity Auditor), agreed with the Bank. Negotiations may involve terms and conditions, price, and/or social, environmental, and innovative aspects, as long as they do not change the minimum requirements of the Bid. |  |
|  | 2.71 | The Borrower shall negotiate first with the Bidder that has the most advantageous bid. If the outcome is unsatisfactory or an agreement is not reached, the Borrower may then negotiate with the next most advantageous bid, and so on down the list until a satisfactory outcome is achieved. |  |
| **Standstill Period** | 2.72 | At the Borrowers request, the Bank may agree to adopt this mechanism in order to give bidders time to examine the award and to assess whether it is appropriate to submit a complaint. |  |
|  | 2.73 | The Standstill Period shall begin when the Borrower’s Notification of Intention to Award[[10]](#footnote-10) is sent to the bidders. The Standstill Period shall last ten (10) Business Days after such transmission date, unless otherwise extended. The contract shall not be awarded either before or during the Standstill Period. |  |
|  | 2.74 | Notwithstanding the above, there shall not be a requirement for a Standstill Period in the following situations:   1. only one Bid/Proposal was submitted in an open competitive process; 2. direct contracting; and 3. Emergency Situations recognized by the Bank |  |
|  | 2.75 | At the end of the standstill period, if the Borrower has not received any complaint from an unsuccessful bidder, the Borrower shall proceed to award the contract in accordance with its decision to award, as previously communicated through the Notification of Intention to Award. |  |
|  | 2.76 | For contracts subject to prior review, when no complaints are received by the Borrower within the standstill period, the Borrower shall proceed to award the contract in accordance with the award recommendation that had previously received the Bank’s no objection. Borrower shall inform the abovementioned situation to the Bank within three (3) Business Days of such award. |  |
|  | 2.77 | The Borrower shall transmit the notification of award to the successful bidder along with other documents as specified in the bidding documents for the contract. |  |
|  | 2.78 | If the Borrower does receive a complaint from an unsuccessful Bidder within the standstill period, the Borrower shall not proceed with the contract award until the complaint has been addressed, as set forth under Appendix 3. |  |
|  | 2.79 | For contracts subject to prior review by the Bank, the Borrower shall not proceed with contract award without receiving the Bank’s confirmation of satisfactory resolution of complaint. For contracts subject to ex post review by the Bank, the Borrower shall proceed in accordance with Appendix 3. |  |
| **Award of Contract** | 2.80 | The Borrower shall award the contract, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the most advantageous bid.[[11]](#footnote-11) A bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted. |  |
| **Rejection of All Bids** | 2.84 | All bids shall not be rejected, and new bids invited on the same bidding and contract documents solely for the purpose of obtaining lower prices. If the most advantageous evaluated responsive bid exceeds the Borrower’s pre-bid cost estimates by a substantial margin, the Borrower shall investigate causes for the excessive cost and consider requesting new bids as described in the previous paragraphs. Alternatively, the Borrower may negotiate with the most advantageous bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility which can be reflected in a reduction of the contract price. However, substantial reduction in the scope or modification to the contract documents may require rebidding. |  |
|  | 2.85 | The Bank’s prior approval shall be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the most advantageous bidder. |  |
| **Debriefing by the Borrower** | 2.86 | In the Notification of Intention to Award referred to in paragraph 2.73 or the publication of the contract award referred to in paragraph 2.81, the Borrower shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, should request an explanation from the Borrower. The Borrower shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Borrower. The requesting bidder shall bear all the costs of attending such a debriefing. |  |
| **Limited Bidding** | 3.2 | A Limited Bidding (LB) is a competitive method by invitation without open advertisement. It may be an appropriate method of procurement where (a) there is only a limited number of suppliers, or (b) other exceptional reasons that justify departure from full ICB procedures. Under LB, Borrowers shall seek bids from a list of potential suppliers broad enough to assure competitive prices, such list to include all suppliers when there are only a limited number. |  |
| **Shopping** | 3.5 | Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place. Quotations may be submitted by letter, facsimile or by electronic means. The evaluation of quotations shall follow Bank’s Core Procurement Principles. The terms of the accepted offer shall be incorporated in a purchase order or brief contract, including the provisions related to eligibility and Prohibited Practices. |  |
| **Direct Contracting** | 3.6 | Direct contracting is contracting without competition (single source) and maybe appropriate when there is only one suitable firm or there is a justification to use a preferred firm. Direct contracting maybe appropriate method under the following circumstances:   1. An existing contract, including a contract not originally financed by the Bank, for goods, non-consulting services or works awarded in accordance with procedures acceptable to the Bank, may be extended for additional goods, non-consulting services or works of a similar nature. The Bank shall be satisfied in such cases that no advantage could be obtained by further competition, it is properly justified and that the prices on the extended contract are reasonable. 2. There is a justifiable requirement to contract a firm that has previously completed a contract, within the last 12 months, with the Borrower to perform a similar type of contract. The justification shall show that the firm performed satisfactorily in the previous contract; no advantage may be obtained by competition; and the prices are reasonable. 3. Standardization of goods or spare parts, to be compatible with existing goods, may justify additional purchases from the original supplier. For such purchases to be justified, the original equipment shall be suitable, the price shall be reasonable, and the advantages of another brand or source of equipment shall have been considered and rejected on grounds acceptable to the Bank. 4. The required good is proprietary and obtainable only from one source. 5. The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee of an equipment, plant or facility; 6. The goods, works, or services provided in the Borrower’s country by a state-owned enterprise (SOE), university, research center or institution of the Borrower’s country are of a unique and exceptional nature in accordance with Paragraph 1.10 (d) 7. In exceptional cases, for example, in response to natural disasters or emergency situations. 8. the procurement is of both very low value and low risk, as agreed in the Procurement Plan. |  |
|  | 3.7 | After the contract signature, the Borrower shall publish in *UNDB online* and in theBank’s Internet website, the name of the contractor, price, duration, and summary scope of the direct contract. This publication may be done quarterly and in the format of a summarized table covering the previous period. |  |
| **Force Account** | 3.8 | Force account, that is, construction and installation of equipment and non-consulting services carried out by a government department of the Borrower´s country using its own personnel and equipment,[[12]](#footnote-12) may be the only practical method for constructing under specific circumstances. The use of force account requires that the Borrower apply the same rigorous quality controls and inspections as for contracts awarded to third parties. Force account shall be justified and may only be used, after the Bank´s non-objection, under of any of the following circumstances:   1. quantities of work and/or services involved cannot be defined in advance; 2. works and/or services are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices; 3. work and/or services are required to be carried out without disrupting ongoing operations; 4. risks of unavoidable work and/or services interruption are better borne by the Borrower than by a contractor; or 5. there are emergencies or urgent repairs needing prompt attention. |  |
| **Procurement in Loans to Financial Intermediaries** | 3.12 | Where the loan provides funds to an intermediary institution such as an agricultural credit institution or a development finance company, to be re-lent to beneficiaries such as individuals, private sector enterprises, small and medium enterprises, or autonomous commercial enterprises in the public sector, for the partial financing of subprojects, the procurement is usually undertaken by the respective beneficiaries in accordance with established private sector or commercial practices, which are acceptable to the Bank. When an intermediary institution re-lend to beneficiaries of the subnational level of public sector, such as municipalities, the procurement shall be carried out in accordance with Bank’s Core Procurement Principles, acceptable to the Bank. |  |
| **Public Private Partnership (PPP), Concessions, and Similar Private Sector Arrangements** | 3.13 | A PPP is a long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration is linked to performance. |  |
|  | 3.14 | The Bank may finance the cost of a project or a contract procured under PPP arrangements[[13]](#footnote-13), BOO/BOT/ BOOT,[[14]](#footnote-14) concessions or similar types of private sector arrangement[[15]](#footnote-15), if the selection process:   1. reflects the Bank´s Core Procurement Principles 2. reflects the application of Bank´s Prohibited Practices and Sanctions Procedures; and 3. is consistent, as appropriate, with the requirements set out in these Policies. |  |
|  | 3.15 | The Bank may agree to finance PPP projects initiated from unsolicited proposals. In all instances of unsolicited proposals, the process to assess and determine the best fit-for-purpose and VfM approach to awarding a contract initiated by an unsolicited proposal shall be clearly defined by the Borrower. When an unsolicited proposal is subject to a competitive process selection the Borrower may use one of the following approaches in allowing the firm that submitted the unsolicited proposal to participate in the process:   1. The Borrower grants no advantage to the firm in the process. The Borrower may separately compensate the firm if permitted under Borrower’s applicable regulatory framework; or   (b) The firm is granted an advantage in the selection process, such as a point bonus in the evaluation or a guaranteed access to a multistage process. This advantage shall be disclosed in the request for bids/ request for proposals document and defined in such a way that it does not prevent effective competition. |  |
| **Performance-Based Procurement** | 3.17 | Performance-Based Procurement (or Output Based Procurement) can involve, among others: (a) the provision of services to be paid on the basis of outputs; (b) design, supply, construction (or rehabilitation) and commissioning of a facility to be operated by the Borrower; or (c) design, supply, construction (or rehabilitation) of a facility and provision of services for its operation and maintenance for a defined period of years after its commissioning[[16]](#footnote-16). For the cases where design, supply and/or construction are required, prequalification is normally required and the use of multistage bidding as indicated in paragraph 2.13, shall apply. |  |
| **Appendix 1: Review by the Bank of Procurement Decisions**  **Procurement Strategy** | 1 | The Borrower shall prepare a procurement strategy justifying the arrangements proposed for its conformity with the Loan Contract and these Policies. The Bank shall review the procurement strategy and arrangements proposed by the Borrower as set forth in the Procurement Plan. The Procurement Plan shall be prepared on the basis of the market analysis conducted during the preparation of the procurement strategy and any fit-for-purpose considerations of the selected methods and shall cover an initial period of at least 18 months. The Borrower shall update the Procurement Plan on an annual basis or as needed, always covering the next 18-month period of project implementation. Any revisions proposed to the Procurement Plan shall be furnished to the Bank for its prior approval. |  |
| **Ex-Ante Review** | 2 | With respect to all contracts which are subject to the Bank’s ex-ante review:   1. If after the notification of the intention of the contract award or the publication of the results of evaluation, as agreed with the Bank, the Borrower receives protests or complaints from bidders, a copy of the complaint and a copy of the Borrower’s response shall be sent to the Bank for “no-objection”. 2. If as result of analysis of a protest the Borrower changes its intention of contract award or contract award recommendation, as agreed with the Bank, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for “no objection.” The Borrower shall provide a re-publication of the contract award in the format of paragraph 2.81 of these Policies. |  |
| **Appendix 3: Guidance to Bidders**  **Purpose** | 1 | This Appendix provides guidance to potential bidders wishing to participate in Bank-financed procurement. Where the Loan Contract includes provisions regarding a Standstill Period[[17]](#footnote-17) allowing for complaints before the notification of award to bidders, the Bank’s, Bidder’s and Borrower’s roles for reviewing and handling complaints shall be defined in the Loan Contract or the agreed procurement procedures between the Bank and the Borrower. |  |
| **Bidder’s Role** | 9 | It is the responsibility of the bidder to raise any issue of ambiguity, contradiction, omission, etc., prior to the submission of its bid, to assure submission of a fully responsive and compliant bid, including all the supporting documents requested in the bidding documents. Noncompliance with critical (technical and commercial) requirements will result in rejection of the bid. If a bidder wishes to propose deviations to a non-critical requirement, or propose an alternative solution, the bidder should quote the price for the fully compliant bid and then separately indicate the adjustment in price that can be offered if the deviation is accepted. Alternative solutions should be offered only when authorized in the bidding documents. Once bids are received and publicly opened, bidders will not be required or permitted to change the price or substance of a bid, unless it is specified in in the bidding documents and in accordance with the procedures that allow negotiations. |  |
| **Confidentiality** | 10 | As stated in paragraph 2.55 of these Policies, the process of bid evaluation shall be confidential until the notification of the intention of contract award or the publication or contract award, as applicable. This is essential to enable the Borrower and Bank reviewers to avoid either the reality or perception of improper interference. If at this stage a bidder wishes to bring additional information to the notice of the Borrower, the Bank, or both, it should do so in writing. |  |
| **Debriefing by the Bank** | 15 | As stated in paragraph 2.86, if, after notification of intention of award or publication of contract award, as applicable, a bidder wishes to ascertain the grounds on which its bid was not selected, it should address its request to the Borrower. If the bidder is not satisfied with the explanation given and wishes to seek a meeting with the Bank, it may do so by addressing the Bank’s Country Office in the borrowing country with a copy to the Project Procurement Division of the Bank at its Washington, D.C. Headquarters, which will arrange a meeting at the appropriate level and with the relevant staff. In this discussion, only the bidder’s bid can be discussed and not the bids of competitors. |  |

1. In some cases, the Borrower acts only as an intermediary, and the project is carried out by another agency or entity. References in these Policies to the Borrower include such agencies and entities, as well as Sub-Borrowers under on-lending arrangements and in the case of Technical Cooperations to the Beneficiary. [↑](#footnote-ref-1)
2. See paragraphs 1.8, 1.9, and 1.10. [↑](#footnote-ref-2)
3. See paragraphs 1.8, 1.9, and 1.10. [↑](#footnote-ref-3)
4. Normally, the Bank applies the Methodology for Assessment Procurement Systems (MAPS) developed by IFIs and OCDE. [↑](#footnote-ref-4)
5. See paragraph 1.18. [↑](#footnote-ref-5)
6. As an example, such an undertaking might read as follows: “We undertake that, in competing for (and, if the award is made to us, in executing) the above contract, we will strictly observe the laws against fraud and corruption in force in the country of the [Contracting Agency], as such laws have been listed by the [Contracting Agency] in the bidding documents for this contract and, without prejudice to the Bank’s procedures to deal with cases of Prohibited Practices, adhere to the administrative norms set by the [local authority] to receive and resolve all complaints regarding bidding procedures.” [↑](#footnote-ref-6)
7. Goods in bids for turnkey contracts may be invited on the basis of DDP delivered duty paid (named place of destination) (refer to INCOTERMS 2000) and bidders should be free to choose the best arrangement between imported goods or goods manufactured in the country of the Borrower, in the preparation of their bids. [↑](#footnote-ref-7)
8. To allow sufficient time to take the bids to the place announced for public bid opening. [↑](#footnote-ref-8)
9. See paragraph. 2.60. [↑](#footnote-ref-9)
10. Notification of Intention to Award is a written notice transmitted to each bidder that submitted a bid, informing them of the intention to award the contract to the successful bidder. [↑](#footnote-ref-10)
11. Referred to as “most advantageous bidder” and “most advantageous bid,” respectively. [↑](#footnote-ref-11)
12. A government-owned construction unit that is not managerially and financially autonomous shall be considered a force account unit. “Force account” is otherwise known as “direct labor,” “departmental forces,” or “direct work.” [↑](#footnote-ref-12)
13. The Borrower may include a reasonable amount for reimbursement of the cost of preparation of unsuccessful bids from qualified participants if justified as a measure to encourage an increased bidders’ participation in the project) [↑](#footnote-ref-13)
14. BOO: Build, Own, Operate; BOT: Build, Operate, Transfer; BOOT: Build, Own, Operate, Transfer. [↑](#footnote-ref-14)
15. For projects such as toll roads, tunnels, harbors, bridges, power stations, waste disposal plants, and water distribution systems. [↑](#footnote-ref-15)
16. Examples of such type of procurement are: (i) for the case of procurement of services: provision of medical services, i.e. payments for specific services, like office visits, or defined laboratory tests, etc.; (ii) for the case of procurement of a facility: Design, Procurement, Construction and Commissioning of a thermal power plant to be operated by the Borrower; (iii) for the case of procurement of a facility and services: Design, Procurement, Construction (or Rehabilitation) of a road and operation and maintenance of the road for 5 years after construction. [↑](#footnote-ref-16)
17. Following the decision to award the contract, the Borrower shall promptly and simultaneously provide written notification of the Borrowers intention to award the contract to the successful bidder (the Notification of Intention to Award). This notification initiates the Standstill Period, The Borrower shall publish the Contract award notice following the expiry of the Standstill Period. If the Borrower receives a complaint from an unsuccessful bidder within the Standstill Period, the Borrower shall not proceed with the contract award until the complaint has been addressed. [↑](#footnote-ref-17)