

# PROCUREMENT REGULATIONS FOR BORROWERS<sup>[1]</sup>

## Procurement in Investment Project Financing

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**Content**  
Sets out Bank policy governing procurement activities  
financed by IPF

**Applicable to**  
IBRD and IDA

**Issuer**  
[Vice President, OPCS]

**Sponsor**  
Chief Procurement Officer, Operations Risk Management,  
OPCS]



<sup>1</sup> This document will be developed further after the CODE/AC discussion and included in the Board package. It will be then finalized and issued when Procurement Policy and the Procurement Directive are issued.

WORKING DRAFT

# World Bank Procurement Regulations for Borrowers

## ACRONYMS AND GLOSSARY

1. **Activity Procurement Strategy:** is a strategy at the activity/contract level for activities/contracts assessed to be high risk due to one or more of the following reasons: (i) complexity, (ii) criticality for the project, (iii) lack of adequate market information.
2. **Anti-Corruption Guidelines:** the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011, as the same may be revised from time to time.
3. **BAFO:** Best and Final Offer.
4. **Bank:** The term “Bank” means IBRD and/or IDA (whether acting for its own account or in the capacity as administrator of trust funds funded by donors).
5. **Bank Guarantee:** Bank Guarantee means a guarantee provided by the Bank (i) of financing extended by private entities; or (ii) of non-loan related government payment obligations in favor of private entities or of foreign public entities, and arising from contracts, law or regulation.
6. **Bid:** A bid is an offer to provide goods, works or non-consulting services for a particular price.
7. **Bidder:** Bidder refers to a firm or joint venture that submits a bid or proposal in a procurement process.
8. **BOO:** Build, Own, Operate.
9. **BOOT:** Build, Own, Operate and Transfer.
10. **Borrower:** A borrower or recipient of IPF, and any other entity involved in the implementation of a project financed by IPF.
11. **BOT:** Build, Operate and Transfer.
12. **Business days (or day):** Any day that is not a weekend or public holiday in the country of the Borrower.
13. **CDD:** Community Driven Development.
14. **CIP:** Incoterm, Carriage and Insurance Paid To [destination].
15. **Consultant:** A consultant may be a firm (acting either in its individual capacity or as part of a joint venture) or an individual that provides specialized advice or services for limited amounts of time without any obligation of permanent employment.
16. **Consulting Firm:** Refers to both firms and joint ventures.

## World Bank Procurement Regulations for Borrowers

17. **Consulting Services:** Consulting services refers to services of a professional nature provided by consultants.
18. **CQS:** Consultant's Qualifications Based Selection.
19. **Eoi:** Expression of Interest.
20. **FA:** Framework Agreement.
21. **FBS:** Fixed Budget Based Selection.
22. **Fraud and Corruption:** Fraud and Corruption means the sanctionable practices of corruption, fraud, collusion, coercion and obstruction defined in the Anti-Corruption Guidelines and reflected in Annex IV of these Procurement Regulations.
23. **Goods, Works, and Non-Consulting Services:** The term "goods" include commodities, raw material, machinery, equipment, vehicles, and industrial plant. Works refers to construction, and in both cases they include related services such as transportation, insurance, installation, commissioning, training, and initial maintenance. Non-consulting services are activities for which the physical aspects of the activity predominate, which are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied, such as drilling, aerial photography, satellite imagery, mapping, and similar operations.
24. **GPN:** General Procurement Notice.
25. **IBRD:** International Bank for Reconstruction and Development.
26. **IDA:** International Development Association.
27. **Incoterms:** are trade terms for goods published by the International Chamber of Commerce (ICC).
28. **Industrial Plant:** Industrial plant refers to facility equipped and ready for operation such as design, supply, installation and commissioning of specially engineered plant and equipment.
29. **INT:** Integrity Vice Presidency.
30. **Investment Project Financing (IPF):** IPF means investment project financing provided by the World Bank to promote poverty reduction and sustainable development of World Bank member countries by providing financial and related operational support to projects that promote broad-based economic growth, contribute to social and environmental sustainability, enhance the effectiveness of the public or private sectors, or otherwise contribute to the overall development of World Bank member states.
31. **"in writing":** The use of electronic systems/procedures is functionally equivalent to "in writing" provided that the electronic system is accessible, secure and ensures integrity, confidentiality as well as audit trail features.

## World Bank Procurement Regulations for Borrowers

- 32. **KPI:** Key Performance Indicator.
- 33. **LCS:** Least Cost Based Selection.
- 34. **Legal Agreement:** A legal agreement is an agreement between the Bank and recipient of IPF.
- 35. **Life Cycle Cost:** Life cycle costing is applicable at activity level as evaluation criteria for the procurement of an asset once the best specifications to achieve VfM and fit-for-purpose have been determined. It includes the cost of an asset throughout its useful life such as initial purchase price, installation, operation and maintenance costs over the life of the asset, and residual value at the end of its useful life. It is calculated on a net present cost basis and it is only used for comparison of bids.
- 36. **MIGA:** Multilateral Investment Guarantee Agency.
- 37. **Most Advantageous Bid/Proposal:** As defined in Annex X, Evaluation Criteria.
- 38. **NGO:** Non-governmental Organization.
- 39. **PAD:** Project Appraisal Document.
- 40. **PPP:** Public Private Partnership.
- 41. **Private Borrower:** For the purpose of these Procurement Regulations, Private borrower means a firm or entity not owned or operated by the state, or an individual that is the final recipient of a repayable loan made by eligible financial intermediaries.
- 42. **Probity Assurance Provider:** Refers to a third party that provides concurrent monitoring of the procurement process, from bid/proposal opening through contract execution, communicating their findings to the World Bank and the Borrower.
- 43. **Procurement:** Procurement is the act of obtaining or buying goods, works, non-consulting services or selecting consulting services.
- 44. **Procurement Documents:** Procurement Documents includes general and specific procurement notices, request for expressions of interest, prequalification documents, bidding documents, request for proposals documents, evaluation reports and forms of contracts issued by the Borrower.
- 45. **Procurement Plan:** Is a plan prepared by the Borrower which describes the procurement of goods, works, non-consulting services and consulting services required for the IPF operation, and includes: (i) a brief description of the activity/contract; (ii) the selection method; (iii) cost estimates, (iv) time schedules; (v) Bank's prior or post review requirements; and (vi) any other relevant procurement information.
- 46. **Procurement Process:** The procurement process starts with the identification of a need and continues through planning and market research, functional or specification requirements writing, budget considerations, selection, contract award, and contract management. It ends on the last day of the last warranty.

## World Bank Procurement Regulations for Borrowers

47. **Project Procurement Strategy for Development (PPSD):** The PPSP is a procurement strategy at the project level that describes how procurement in IPF operations will support the development objectives of the project and deliver VfM.
48. **Proposal:** A proposal is an offer, which may or may not include price, by one party to provide goods, works, non-consulting services or consulting services to another party.
49. **QBS:** Quality Based Selection.
50. **QCBS:** Quality Cost Based Selection.
51. **REoi:** Request for Expressions of Interest.
52. **Review:** For the purpose of these Procurement Regulations, review is a formal examination by the Bank that includes prior and post reviews, independent procurement reviews, third party assurance, audits, inspections or other forms of assessment of the Procurement Process.
53. **RFB:** Request for Bids.
54. **RFP:** Request for Proposals.
55. **RFQ:** Request for Quotations.
56. **Shortlist/Shortlisting:** For consulting services, shortlist/shortlisting is as described in paragraph 8.3-8.6, Section VIII. of these Procurement Regulations. For Competitive Dialogue, shortlist/shortlisting refers to the process of identifying the firms/joint-ventures to be invited to the dialogue phase of the process, as a result of the first stage of the competitive dialogue.
57. **SOEs:** State-owned enterprises.
58. **SPN:** Specific Procurement Notice.
59. **Standard Procurement Documents:** Standard Procurement Documents includes general and specific procurement notices, request for expressions of interest, prequalification documents, bidding documents, request for proposals documents, evaluation reports and forms of contracts issued by the Bank for use by Borrowers.
60. **TOR:** Terms of Reference.
61. **UNDB Online:** UN Development Business online.
62. **VfM:** Value for Money.

# World Bank Procurement Regulations for Borrowers

## TABLE OF CONTENTS

Acronyms and Glossary .....	1
Section I. INTRODUCTION .....	1
A. Vision .....	1
B. Purpose .....	1
C. Core Procurement Principles .....	1
Section II. GENERAL CONSIDERATIONS .....	3
A. Applicability .....	3
B. Alternative Procurement Arrangements .....	3
Section III. GOVERNANCE .....	4
A. Roles and Responsibilities .....	4
A.1 Borrower .....	4
A.2 Bank .....	4
A.2.1 Prior and Post Review .....	4
A.2.2 Independent Procurement Reviews .....	5
A.2.3 Third Party Assurance .....	5
A.2.4 Hands-On Expanded Implementation Support .....	5
A.3 Firms and Individuals .....	5
B. Accountability .....	6
C. Conflict of Interest and Unfair Competitive Advantage .....	6
C.1 Unfair Competitive Advantage .....	7
D. One Bid/Proposal per Bidder/Consultant .....	8
E. Eligibility .....	8
F. Noncompliance .....	10
G. Complaints .....	10
H. Fraud and Corruption .....	10
Section IV. PROJECT PROCUREMENT STRATEGY FOR DEVELOPMENT AND PROCUREMENT PLAN .....	11
Section V. GENERAL PROCUREMENT PROVISIONS .....	12
A. Advance Procurement and Retroactive Financing .....	12
B. Domestic Preference .....	12
C. Electronic Procurement (E-Procurement) .....	12
D. Procurement Planning and Tracking Tool .....	12
E. Joint Ventures and Associations .....	13
F. Leased Assets .....	13
G. Sustainable Procurement .....	13
H. Value Engineering .....	13
I. Procurement of Second Hand Goods .....	13
Section VI. SPECIFIC PROCUREMENT PROVISIONS .....	14
A. Contract Types and Arrangements .....	14
B. Contract Conditions .....	14
C. Incoterms .....	14
D. Standards .....	14
E. Use of Brand Names .....	14
F. Currency .....	15
G. Price Adjustments .....	15
H. Language .....	15
I. Confidentiality .....	16

## World Bank Procurement Regulations for Borrowers

J.	Communications.....	16
K.	Publication of Procurement Opportunities.....	16
L.	Procurement Documents.....	17
M.	Clarification of Bidding/Request for Proposals Documents and Amendments.....	17
N.	Bid/Proposal Validity.....	17
O.	Bid Security .....	17
P.	Bid/Proposal Preparation Period and Submission .....	18
Q.	Bid/Proposal Opening.....	18
R.	Late Bids/Proposals.....	19
S.	Evaluation Criteria .....	19
T.	Rejection of Bids/Proposals.....	19
U.	Abnormally Low Bids (for Goods, Works, and Non-consulting Services) .....	20
V.	Contract Award.....	21
W.	Standstill Period .....	21
X.	Notification of the Intention to Award and the Award of Contract when Standstill Applies 22	
Y.	Complaints received during the Standstill Period.....	23
Z.	Notification of Award.....	23
AA.	Publication of Contract Award Notice.....	24
BB.	Debriefing by the Borrower to Unsuccessful Bidders and Consultants .....	24
CC.	Debriefing by the Bank .....	25
DD.	Contract Management .....	25
EE.	Records.....	25
Section VII. APPROVED SELECTION METHODS, Particular types of approved selection arrangements and market approach options .....		26
A.	Approved Selection Methods.....	28
A.1	Request for Proposals .....	28
A.2	Requests for Bids .....	28
A.3	Requests for Quotations .....	28
A.4	Direct Selection .....	29
B.	Market Approach Options .....	30
B.1	Open Competition.....	30
B.2	Limited competition.....	30
B.3	International competition.....	30
B.4	National competition .....	30
B.5	Prequalification .....	31
B.6	Post Qualification.....	32
B.7	Single Stage – One Envelope.....	32
B.8	Single Stage - Two Envelopes.....	32
B.9	Multi Stage .....	32
B.10	Best and Final Offer.....	33
B.11	Negotiations .....	33
B.12	Use of Rated Type Evaluation Criteria .....	33
C.	Particular Types of Approved Selection Arrangements.....	34
C.1	Competitive Dialogue .....	34
C.2	Public Private Partnerships.....	34
C.3	Commercial Practices.....	35
C.4	UN Agencies .....	35
C.5	Electronic Reverse Auctions.....	35



# World Bank Procurement Regulations for Borrowers

C.6	Operations involving a Program of Imports.....	36
C.7	Commodities .....	36
C.8	Community Driven Development .....	36
C.9	Force Accounts .....	36
D.	Particular Types of Contractual Arrangements .....	37
D.1	Framework Agreements .....	37
D.2	Performance Based Contracts.....	37
Section VIII.	APPROVED SELECTION METHODS, Particular types of approved selection arrangements and market approach options .....	38
A.	Approved Selection Methods of Firms .....	40
B.	Selection Procedures for Firms .....	40
B.1	Shortlist .....	40
B.2	Request for Proposals .....	40
B.3	Quality Cost Based Selection .....	41
B.4	Fixed Budget Based Selection.....	41
B.5	Least Cost Based Selection.....	41
B.6	Quality Based Selection.....	41
B.7	Consultant's Qualification Based Selection.....	42
B.8	Direct Selection .....	42
C.	Market Approach Options .....	43
C.1	Open Competition .....	43
C.2	Limited Competition.....	43
C.3	International Competition.....	43
C.4	National Competition .....	44
D.	Particular Types of Approved Selection Arrangements.....	44
D.1	Commercial Practices.....	44
D.2	UN Agencies .....	44
D.3	Non-Profit Organizations .....	44
D.4	Banks .....	44
D.5	Procurement Agents.....	45
E.	Project Implementation Support Personnel.....	45
F.	Service Delivery Contractors .....	45
G.	Particular Type of Contractual Arrangement.....	45
G.1	Framework Agreements .....	45
H.	Approved Selection Methods for Individual Consultants .....	45
H1.	Open Competitive Selection of Individual Consultants.....	46
H2.	Limited Competitive Selection of Individual Consultants .....	46
H3.	Direct Selection of Individual Consultants.....	46
Annex I	Value for Money .....	47
Annex II	Procurement Oversight .....	49
Annex III	Procurement Related Complaints.....	55
Annex IV	Fraud and Corruption.....	61
Annex V	Project Procurement Strategy for Development .....	65
Annex VI	Domestic Preference .....	71
Annex VII	Sustainable Procurement.....	75
Annex VIII	Contract Types .....	79
Annex IX	Contract Conditions in International Competitive Procurement .....	81
Annex X	Evaluation Criteria .....	85
Annex XI	Contract Management .....	91

## World Bank Procurement Regulations for Borrowers

Annex XII Selection Methods .....	95
Annex XIII Competitive Dialogue .....	105
Annex XIV Public Private Partnership .....	109
Annex XV Framework Agreements .....	113
Annex XVI Letter of Acceptance World Bank's Anti-Corruption Guidelines .....	115

WORKING DRAFT

# World Bank Procurement Regulations for Borrowers

## SECTION I. INTRODUCTION

### A. VISION

- 1.1 Procurement in Investment Project Financing supports clients to achieve value for money with integrity in delivering sustainable development.

### B. PURPOSE

- 1.2 The Bank is required by its Articles of Agreement to "...make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency..." In accordance with this requirement, the Bank has adopted these World Bank Procurement Regulations for Borrowers (the "Procurement Regulations") governing the procurement of goods, works, non-consulting services and consulting services for Bank Investment Project Financing.

### C. CORE PROCUREMENT PRINCIPLES

- 1.3 All procurement under these Procurement Regulations shall be governed by and be consistent with the Bank's Core Procurement Principles, which are.
  - a) **Value for Money**

The principle of value for money means the effective, efficient, and economic use of resources, which requires the 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 value for money.
  - b) **Economy**

The principle of economy takes into consideration factors such as sustainability, quality, and non-price attributes and/or life cycle costs as appropriate, that support value for money. It permits integrating into the Procurement Process economic, environmental, and social considerations that have been agreed with the Borrower. It also permits augmenting identified sustainability criteria with specific criteria in support of the Borrower's own sustainable procurement policy.
  - c) **Integrity**

The principle of integrity refers to the use of funds, resources, assets and authority, according to the intended purposes and in a manner that is well informed, aligned with the public interest, and aligned with broader principles of good governance. The Bank requires that all parties involved in the Procurement Process, including without limitation Borrowers and sub-Borrowers (and other beneficiaries of Bank financing); bidders, consultants, contractors and suppliers; any respective subcontractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the Procurement Process of Bank-financed contracts, and refrain from Fraud and Corruption, as that term is defined in the Anti-Corruption Guidelines.
  - d) **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

## World Bank Procurement Regulations for Borrowers

the development objectives and project outcomes, taking into account the context and the risk, value, and complexity of procurement.

e) **Efficiency**

The principle of efficiency requires that Procurement Processes are proportional to the value and risks of the underlying project activities. Procurement arrangements are generally time-sensitive and strive to avoid delays.

f) **Transparency**

The principle of transparency requires that the Borrower enable appropriate review of the procurement activities, supported by appropriate documentation and disclosure. Transparency requires: (i) that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost; (ii) appropriate reporting of procurement activity; and (iii) the use of confidentiality provisions in contracts only where justified.

g) **Fairness**

The principle of fairness refers to: (i) equal opportunity and treatment for bidders and consultants; (ii) equitable distribution of rights and obligations between Borrowers and suppliers, bidders, consultants and contractors; and (iii) credible mechanisms for addressing procurement related complaints and providing recourse. Open, competitive procurement is the Bank's preferred procurement approach, whenever possible to maximize fairness of opportunity to bid. Wherever possible, the Bank requires that eligible individuals and firms be given the same opportunities to compete for Bank-financed activities.

# World Bank Procurement Regulations for Borrowers

## SECTION II. GENERAL CONSIDERATIONS

### A. APPLICABILITY

- 2.1 These Procurement Regulations cover and are applicable to the procurement of goods, works, non-consulting services and consulting services to be financed (in whole or in part) through IPF operations. These Procurement Regulations do not apply to: (a) Bank Guarantees; and (b) the procurement of goods, works, non-consulting services and consulting services financed by the Bank through loans made by eligible financial intermediaries to Private Borrowers.
- 2.2 For contracts that are not financed by the Bank, but are included in the Bank-financed project scope, the Borrower may adopt other rules and procedures. In such cases, the Bank shall be satisfied that:
- a) such rules and procedures will fulfil the Borrower's obligations to carry out the project diligently and efficiently;
  - b) the scope of the services is consistent with the needs of the project; and
  - c) the goods, works, non-consulting services and consulting services to be procured:
    - i. are specified to a satisfactory quality and are compatible with the project objectives;
    - ii. will be delivered or completed in a timely manner; and
    - iii. are priced so as not to have an adverse effect on the economic and financial viability of the project.

### B. ALTERNATIVE PROCUREMENT ARRANGEMENTS

- 2.3 Subject to paragraph 2.4 below, and at the Borrowers request, the Bank may agree to:
- a) 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; and
  - b) rely on and apply the procurement rules and procedures of an agency or entity of the Borrower.
- 2.4 The alternative procurement arrangements referred to in paragraph 2.3 above shall:
- a) be consistent with the Bank's Core Procurement Principles;
  - b) be consistent with Section III. B, C, D, E, F and G of these Procurement Regulations; and
  - c) ensure that the Bank's Anti-Corruption Guidelines and sanctions regime, contractual remedies set out in its Legal Agreements with the Borrower, and other terms and conditions necessary to address the particular circumstances of the proposed alternative procurement arrangement apply.

# World Bank Procurement Regulations for Borrowers

## SECTION III. GOVERNANCE

- 3.1 The governance of procurement in IPF operations shall be managed through clear and transparent lines of accountability and careful definition of the roles of responsible parties, as agreed in the Legal Agreement. The Legal Agreement governs the legal relationships between the Borrower and the Bank.
- 3.2 No party other than the parties to the Legal Agreement shall derive any rights or have any claim to financing proceeds. The rights and obligations of the Borrower and the providers of goods, works, non-consulting services and consulting services for IPF operations are governed by the respective bidding/request for proposals document and contracts, and not by these Procurement Regulations or the Legal Agreement.

### A. ROLES AND RESPONSIBILITIES

#### A.1 BORROWER

- 3.3 The Borrower is responsible for carrying out procurement activities financed by the Bank in accordance with these Procurement Regulations.
- 3.4 This includes planning, strategizing, seeking, receiving and, evaluating quotations, bids or proposals, and awarding and managing the contracts. The Borrower shall retain all procurement documentation and records of procurements financed by the World Bank, as required in the Legal Agreement.

#### A.2 BANK

- 3.5 The Bank is required by its Articles of Agreement to "...make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency...". In accordance with this requirement, the Bank has adopted these Procurement Regulations.
- 3.6 To ensure that funds are used only for the purposes for which the financing was granted, the Bank carries out its procurement functions, including procurement oversight, under a risk-based approach through prior and post review, independent procurement review and third party assurance, as appropriate. For details see Annex II, Procurement Oversight.

##### A.2.1 PRIOR AND POST REVIEW

- 3.7 The Bank carries out prior reviews of procurement activities that are high-value and/or high risk to determine whether the Procurement Process complies with the requirements of the Legal Agreement.
- 3.8 The Bank also carries out post reviews of Procurement Processes undertaken by the Borrower to determine whether they comply with the requirements of the Legal Agreement. The Bank may use a third party such as a supreme audit institution, acceptable to the Bank, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the Terms of Reference (TOR) provided to it by the Bank.

## **World Bank Procurement Regulations for Borrowers**

- 3.9 The determination of whether a procurement process is subject to prior or post review is based on the project and activity-specific procurement risks, which are assessed during project preparation, and reassessed and updated during project implementation.
- 3.10 The requirement for a prior or post review shall be specified in the Procurement Plan. During project implementation the Bank monitors and reassesses the risk and risk mitigation measures. If necessary, the Borrower may be required to revise the prior and/or post review requirements in the Procurement Plan.

### **A.2.2 INDEPENDENT PROCUREMENT REVIEWS**

- 3.11 Independent procurement reviews, performed by independent third parties appointed by the Bank, are carried out when the Bank determines the need for such a review based on its assessment of risk.

### **A.2.3 THIRD PARTY ASSURANCE**

- 3.12 As agreed with the Borrower, the Bank may supplement its procurement oversight with the use of independent third-party assurance providers. Third party assurance may include probity assurance providers who may be present during firms' engagements/discussions, bid/proposal opening, negotiations (if and as agreed by the Bank), contract award decisions, and/or contract execution.

### **A.2.4 HANDS-ON EXPANDED IMPLEMENTATION SUPPORT**

- 3.13 The Bank may agree to provide the Borrower with hands-on expanded procurement implementation support. To structure the Borrower's request for hands-on expanded procurement implementation support, the Project Procurement Strategy for Development (PPSD)/Procurement Plan will be used to document and rationalize the degree of Bank support needed, which may include:
  - a) drafting Procurement Documents;
  - b) identifying strengths and weaknesses assisting/participating in the evaluation of bids/proposals;
  - c) observing dialogues and negotiations with bidders/consultants; and
  - d) drafting procurement reports and contract award documentation.
- 3.14 Project execution remains the Borrower's responsibility and hands-on expanded implementation support does not result in the Bank carrying out procurement on behalf of the Borrower.

## **A.3 FIRMS AND INDIVIDUALS**

- 3.15 The effective participation and performance of high-quality firms and individuals is critical to achieve effective competition and VfM through Procurement Processes.
- 3.16 Firms and individuals participating in procurement in Bank IPF are responsible for complying with the requirements of the bidding/request for proposals document.

## World Bank Procurement Regulations for Borrowers

- 3.17 Firms and individuals may raise procurement related queries at any stage of the procurement process. Firms and individuals are responsible for raising to the Borrower any issues of ambiguity, contradiction, omission, and/or lack of clarity, to ensure that they will be able to submit a substantially compliant response to the Borrower's requirements.

### B. ACCOUNTABILITY

- 3.18 Accountability, as it applies to all parties involved in IPF operations, combines the requirements of transparency and responsibility.
- 3.19 The lines of accountability shall be defined during project appraisal to the satisfaction of the Bank and reflected, if applicable, in the operational manual, and reassessed during the life of the project.

### C. CONFLICT OF INTEREST AND UNFAIR COMPETITIVE ADVANTAGE

#### Goods, Works and Non-Consulting Services

- 3.20 The Bank requires that firms participating in procurement in Bank IPF shall not have a conflict of interest.
- 3.21 A firm (including its personnel and subcontractors) shall be considered to have a conflict of interest if it:
- a) is providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided; or, where those consulting services were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm. This provision does not apply to the various firms (consultants, contractors, or suppliers) which together are performing the contractor's obligations under a turnkey or design and built contract; or
  - b) has a close business or family relationship with a professional staff of the Borrower (or of the project implementing agency; or, of a recipient of a part of the Bank's financing) or any other party representing or acting on behalf of the Borrower who:
    - (i) is directly or indirectly involved in the preparation of the Procurement Documents or specifications of the contract, and/or the bid evaluation process of such contract; or
    - (ii) would be involved in the implementation or supervision of such contract, unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Bank; or
  - c) does not comply with any other conflict of interest situation as specified in the Bank's Standard Bidding/Request for Proposals Document relevant to the specific procurement process.

#### Consulting Services

- 3.22 The Bank requires that consultants provide professional, objective, and impartial advice and at all times hold the Borrower's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own corporate interests. Consultants shall not be hired for any assignment that would



## World Bank Procurement Regulations for Borrowers

be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interests of the Borrower. Without limitation on the generality of the foregoing, consultants shall not be hired under the circumstances set forth below:

- a) Conflict between consulting activities and procurement of goods, works, or non-consulting services: a firm that has been engaged by the Borrower to provide goods, works, or non-consulting services for a project; or, where those consulting services were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be disqualified from providing consulting services resulting from or directly related to those goods, works, or non-consulting services;
- b) A firm for the preparation or implementation of a project, or any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm, shall be disqualified from subsequently providing goods, works, or non-consulting services resulting from or directly related to the consulting services for such preparation or implementation. This provision does not apply to the various firms (consultants, contractors, or suppliers) which together are performing the contractor's obligations under a turnkey or design and build contract;
- c) Conflict among consulting assignments: neither a consultant (including its personnel and sub-consultants), nor any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm shall be hired for any assignment that, by its nature, creates a conflict of interest with another assignment of the consultants'; and
- d) Relationship with Borrower's staff: consulting firms (including their experts and other personnel, and sub-consultants) that have a close business or family relationship with a professional staff of the Borrower (or of the project implementing agency, or of a recipient of a part of the Bank's financing) or any other party representing or acting on behalf of the Borrower, who are directly or indirectly involved in any part of: (i) the preparation of the TOR for the assignment, (ii) the selection process for the contract, or (iii) the supervision of such contract, may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the contract.

### C.1 UNFAIR COMPETITIVE ADVANTAGE

- 3.23 Fairness and transparency in the selection process require that firms or their affiliates competing for a consulting assignment do not derive a competitive advantage from having provided consulting services related to it. To that end, the Borrower shall make available to all the short-listed consultants, together with the request for proposals, all information that would in that respect give a consultant a competitive advantage.

# World Bank Procurement Regulations for Borrowers

## D. ONE BID/PROPOSAL PER BIDDER/CONSULTANT

### Goods, Works and Non-consulting Services

- 3.24 A firm shall not submit more than one bid/proposal, either individually or as a joint venture partner in another bid/proposal, except for permitted alternative bids. This shall result in the disqualification of all bids/proposals in which the firm is involved. However, this does not limit the inclusion of a firm as a sub-contractor in more than one bid/proposal. The participation of a bidder as a sub-contractor in another bid/proposal may be permitted using the Bank's Standard Bidding/Request for Proposals documents.

### Consulting Services

- 3.25 A firm shall submit only one proposal, either individually or as a joint venture partner in another proposal. If a firm, including a joint venture partner, submits or participates in more than one proposal, all such proposals shall be disqualified. This does not, however, preclude a firm to participate as a sub-consultant, or an individual consultant to participate as a team member, in more than one proposal when circumstances justify but only if permitted by the request for proposals document.

## E. ELIGIBILITY

- 3.26 The Bank permits eligible firms and individuals from all countries to offer goods, works, non-consulting services and consulting services for Bank-financed projects.
- 3.27 In connection with any procurement to be financed in whole or in part by the Bank, the Borrower shall not deny eligibility or award to a bidder/consultant for reasons unrelated to:
- a) its capability and resources to successfully perform the contract; or
  - b) conflict of interest situations covered under Section III. C of these Procurement Regulations; or
  - c) Fraud and Corruption issues (as determined through the World Bank Group's sanctions procedures).
- 3.28 As exceptions to paragraphs 3.26 and 3.27 above:
- a) Firms or individuals from a country, or goods manufactured in a country may be excluded if:
    - i. as a matter of law or official regulation, the Borrower's country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of goods, works, and non-consulting services or for the procurement of consulting services; or
    - ii. by an act of compliance with a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, the Borrower's country prohibits any import of goods from, or payments to, a particular country, person, or entity. Where the Borrower's country prohibits payments to a particular firm or for particular goods by such an act of compliance, that firm

## World Bank Procurement Regulations for Borrowers

may be excluded. When the procurement is implemented across jurisdictional boundaries (more than one country is involved in the procurement), then exclusion of a firm or individual on the above basis by one country may be applied to that procurement across other countries involved if the Bank and all the Borrowers involved in that procurement agree.

- b) State-owned enterprises (SOEs) of the Borrower's country may be eligible to compete and be awarded contracts in the Borrower's country only if they can establish, in a manner acceptable to the Bank, that they (i) are legally and financially autonomous; (ii) operate under commercial law; and (iii) are not under supervision by the agency contracting them.
- c) As an exception to (b) above, when the goods, works, non-consulting services or consulting services provided by state-owned: enterprises, universities or research centers are of a unique and exceptional nature because of the absence of suitable private sector alternatives, or as a consequence of the regulatory framework, or because their participation is critical to project implementation, the Bank may agree to the contracting of these entities on a case-by-case basis.
- d) When (i) the services of government officials and civil servants of the Borrower's country are of a unique and exceptional nature, or their participation is critical to project implementation, (ii) their hiring would not create a conflict of interest, and (iii) such hiring does not conflict with any employment or other laws, Procurement Regulations, or policies of the Borrower, the Bank may agree to their hiring on a case by case basis either as individuals or as members of the team of experts proposed by a consulting firm.
- e) A firm or individual sanctioned, at any time, in accordance with prevailing World Bank Group sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to participate in a Procurement Process, including, without limitation, competing for or being awarded a Bank-financed contract; and being a sub-contractor, sub-consultant, service provider, or supplier of an otherwise eligible firm or individual that has been selected for award or is executing a Bank-financed contract; and (ii) to otherwise benefit from a Bank-financed contract. Such ineligibility may be declared upon: (i) completion of World Bank Group sanctions proceedings as per its prevailing sanctions procedures; (ii) cross-debarment as agreed with other international financial institutions (including multilateral development banks); (iii) through the application of a World Bank Group finding of non-responsibility on the basis of fraud and corruption in connection with World Bank Group corporate procurement; or (iv) as a result of temporary suspension or early temporary suspension in connection with an ongoing World Bank Group sanctions proceeding. For avoidance of doubt, the foregoing effects of ineligibility do not extend to a sanctioned firm's or individual's performance of its ongoing Bank-financed contracts (or its ongoing sub-agreements under such contracts) that are not the subject of a material modification, as determined by the Bank.
- f) If requested by the Borrower, the Bank may agree that in Bank financed contracts, the bidding/request for proposals document state that a firm or individual that is under a sanction of debarment from being awarded a contract by the proper judicial or administrative authorities in the Borrower's country and pursuant to its relevant laws shall be ineligible to be awarded a Bank-financed contract, provided that the

## World Bank Procurement Regulations for Borrowers

Bank concludes to its satisfaction that the debarment relates to fraud or corruption and follows a judicial or administrative proceeding affording the firm or the individual adequate due process.

### F. NONCOMPLIANCE

- 3.29 In addition to the legal remedies set out in the relevant Legal Agreement, the Bank may take other appropriate actions, including declaring misprocurement, if the Bank determines that the Borrower has not complied with procurement requirements set out in the Legal Agreement, including:
- a) a contract has not been awarded, in accordance with the Legal Agreement and as further elaborated in the Procurement Plan and/or operational manual to which the Bank has provided its no objection;
  - b) a contract could not be awarded, in accordance with (a) above, to the bidder/consultant otherwise determined successful due to willful dilatory conduct or other actions of the Borrower resulting in unjustifiable delays, the successful bid/proposal being no longer available, or the wrongful rejection of any bid/proposal;
  - c) a Procurement Process involves the engagement in Fraud and Corruption by a representative of the Borrower, or a recipient of any part of the Bank's financing proceeds; or
  - d) a procurement related complaint has not been addressed appropriately and/ or in a timely manner.
- 3.30 Even once the contract is awarded after obtaining a no objection from the Bank, the Bank may still take appropriate actions and exercise legal remedies regardless of whether the project has closed or not, if it concludes that the no objection or the notice of satisfactory resolution 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 substantially modified without the Bank's no objection.

### G. COMPLAINTS

- 3.31 Procurement-related complaints may be brought to the attention of the Borrower (copied to the Bank) or to the Bank at any stage of the procurement process, and the Borrower shall make every effort to address them objectively and in a timely manner, with transparency and fairness. For details see Annex III, Procurement Related Complaints.

### H. FRAUD AND CORRUPTION

- 3.32 The Bank requires application of and compliance with the Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. The Bank requires that bidders, consultants, contractors, suppliers, subcontractors, sub-consultants, service providers, and agents, and their personnel, permit the Bank to inspect all accounts, records, and other documents relating to the Procurement Process of Bank-financed contracts, and to have them audited by auditors appointed by the Bank. Bidding/request for proposals document, and any resulting contracts, shall include a provision to that effect. For details see Annex IV, Fraud and Corruption.

### SECTION IV. PROJECT PROCUREMENT STRATEGY FOR DEVELOPMENT AND PROCUREMENT PLAN

- 4.1 The Bank requires the Borrower to develop a PPSD for each project financed under IPF. The PPSD shall address how procurement activities will support the development objectives of the project and deliver the best VfM under a risk-managed approach. It shall provide adequate justification for the selection methods in the Procurement Plan. The level of detail and analysis in the PPSD shall be proportional to the risk, value and complexity of the project procurement.
- 4.2 The Borrower shall prepare the PPSD and the Procurement Plan at the project level. The Borrower shall also prepare an Activity Procurement Strategy for activities/contracts in a project that are considered high value and/or high risk for one or more of the following reasons: (i) complexity, (ii) criticality for the project, (iii) lack of adequate market information.
- 4.3 The PPSD and Procurement Plan shall be prepared, as part of the project preparation process, and shall be reviewed and agreed by the Bank prior to completion of loan negotiations. The Borrower shall submit any updates of the Procurement Plan, including as a result of the Activity Procurement Strategy to the Bank for its review and approval. For details see Annex V, Project Procurement Strategy for Development.

# World Bank Procurement Regulations for Borrowers

## SECTION V. GENERAL PROCUREMENT PROVISIONS

### A. ADVANCE PROCUREMENT AND RETROACTIVE FINANCING

- 5.1 The Borrower may wish to proceed with the initial steps of procurement before signing the Legal Agreement. In such cases, the procurement procedures, including advertising, shall be consistent with the Sections I, II and III of these Procurement Regulations. In order for the eventual contracts to be eligible for Bank Investment Project Financing, A Borrower undertakes such advance contracting at its own risk, and any discussion with the Bank on the procedures, documentation, or proposal for award does not commit the Bank to finance 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 signing the Legal Agreement is referred to as retroactive financing and is only permitted within the limits specified in the Legal Agreement.

### B. DOMESTIC PREFERENCE

- 5.2 In procurement of goods or works with open international competitive procurement, as agreed in the Procurement Plan, and set forth in the bidding/request for proposals document, a margin of domestic preference may be provided in the evaluation of bids/proposals for:
- a) goods manufactured in the Borrower's country, when comparing bids/proposals offering goods manufactured abroad. The preference shall be fifteen percent (15%) added to the CIP price of the goods manufactured abroad; and
  - b) works in member countries below a specified threshold of Gross National Income (as defined annually by the Bank) per capita, when comparing bids/proposals from eligible domestic firms with foreign firms. The preference shall be seven and a half percent (7.5%) added to the price offered by the foreign firms.
- 5.3 Domestic preference shall not be applied to industrial plants.
- 5.4 For details see Annex VI, Domestic Preference.

### C. ELECTRONIC PROCUREMENT (E-PROCUREMENT)

- 5.5 Borrowers may utilize electronic systems for distributing Procurement Documents, issuing amendments, receiving bids or proposals and for other procurement actions, provided the Bank is satisfied with the adequacy of the system, including, the system's accessibility, security and integrity, and confidentiality as well as audit trail features.

### D. PROCUREMENT PLANNING AND TRACKING TOOL

- 5.6 The Borrower shall use the Bank's online procurement planning and tracking tools to prepare, clear, and update its Procurement Plans and conduct all procurement transactions for IPF operations, as stated in the Legal Agreement.



# World Bank Procurement Regulations for Borrowers

## E. JOINT VENTURES AND ASSOCIATIONS

- 5.7 Firms participating in Bank-financed contracts may form joint ventures with domestic and/or foreign firms for the purpose of enhancing their qualifications and capabilities. A joint venture may be for the long term (independent of any particular procurement) or for a specific procurement. All the partners in a joint venture shall be jointly and severally liable for the entire contract. The Bank does not accept conditions of participation in a procurement process that require mandatory joint ventures or other forms of mandatory association between firms.

## F. LEASED ASSETS

- 5.8 Leasing may be used if agreed with the Bank and specified in the Procurement Plan, including any risk mitigation measures to be applied. Leasing may be appropriate when there are economic and/or operational benefits to the lessee (e.g., lower financing costs, tax benefits, assets used for a temporary period, reducing risks of obsolescence).

## G. SUSTAINABLE PROCUREMENT

- 5.9 If agreed with the Bank, Borrowers may include sustainability requirements in the Procurement Process, including their own sustainable procurement policy requirements where they are applied in ways that are consistent with the Bank's Core Procurement Principles. Sustainable procurement is not a mandatory requirement for Borrowers. For details see Annex VII, Sustainable Procurement.

## H. VALUE ENGINEERING

- 5.10 Value Engineering is a systematic and organized approach to provide the necessary functions in a project at the optimal cost. Value engineering promotes the substitution of materials and methods, or reduction of time, or less expensive alternatives, all without sacrificing needed functionality, longevity or reliability. Contracts may allow for proposals for value engineering and include the mechanism for their consideration. Value engineering may be applied if specified in the bidding/request for proposals document and agreed by the Bank.

## I. PROCUREMENT OF SECOND HAND GOODS

- 5.11 If specified in the Procurement Plan, the Borrower may procure second-hand goods if doing so would provide the most economic and efficient means of satisfying the project's development objectives. The following requirements shall apply in such cases:
- a) Any risk mitigation measures that may be necessary shall be reflected in the PPSD and/or the Procurement Plan.
  - b) Procurement for second-hand goods shall be separate from the procurement of new goods;
  - c) The technical requirements/specifications shall describe the minimum characteristics of the second hand goods, including the age and condition; and
  - d) The warranty provisions shall be specified.

# World Bank Procurement Regulations for Borrowers

## SECTION VI. SPECIFIC PROCUREMENT PROVISIONS

### A. CONTRACT TYPES AND ARRANGEMENTS

- 6.1 Contract types and arrangements shall be selected to determine the most fit-for-purpose approach taking into account the subject matter of the procurement, risk and VfM considerations. Applicable contract types and arrangements include but are not limited to: lump sum, turnkey, performance based, unit prices, time based and framework agreements, build-own-operate and build-operate-transfer. For details see Annex VIII, Contract Types.

### B. CONTRACT CONDITIONS

- 6.2 The contract documents shall clearly define the scope of work to be performed, the goods to be provided, non-consulting services and consulting services to be provided, the rights and obligations of the contracting parties as well as other applicable conditions. The conditions of contract in all procurement financed by the Bank shall provide an appropriate allocation of rights and obligations, risks and liabilities informed by an analysis of which party is best placed to manage the risks, cognizant of the costs and incentives of risk allocation. For details see Annex IX, Contract Conditions for International Competitive Procurement.

### C. INCOTERMS

- 6.3 For international competitive procurement, the latest version of Incoterms shall be used, as revised from time to time, for the procurement of goods for IPF operations. The Bank Standard Bidding/Request for Proposals Documents specify the applicable Incoterms.

### D. STANDARDS

- 6.4 Standards and technical specifications in bidding/request for proposals document shall promote the broadest possible competition, while ensuring performance or other requirements for the procurement. To the extent possible, the Borrower shall specify internationally accepted standards with which the equipment, materials or workmanship shall comply. Where such international standards do not exist or are inappropriate, national standards may be specified. In all cases, the bidding/request for proposals document shall state that equipment, material, or workmanship meeting other standards that are at least substantially equivalent to the specified standards shall also be accepted.

### E. USE OF BRAND NAMES

- 6.5 Specifications shall be based on relevant technical characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is justified to specify a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words "or equivalent" shall be added after such a reference. The specification shall permit the acceptance of



## World Bank Procurement Regulations for Borrowers

offers for goods that have similar characteristics and that provide performance at least substantially equivalent to those specified.

### F. CURRENCY

- 6.6 In international competitive procurement, bidding/request for proposals document shall state that a bidder/consultant may express the bid/proposal price in any fully convertible currency. If a bidder/consultant wishes to express the bid/proposal price as a sum of amounts in different foreign currencies, it may do so, provided the price includes no more than three foreign currencies. Furthermore, the Borrower may require bidders/consultants to state the portion of the bid/proposal price representing local costs incurred in the currency of the country of the Borrower (local currencies).
- 6.7 Payment of the contract price shall be made in the currency or currencies of the bid/proposal.

### G. PRICE ADJUSTMENTS

- 6.8 The bidding/request for proposals document shall state either that (a) bid/proposal prices shall be fixed; or (b) that price adjustments shall be made to reflect any changes in major cost components of the contract, such as labor and materials. For details see Annex IX, Contract Conditions for International Competitive Procurement.

### H. LANGUAGE

- 6.9 For international competitive procurements, all Procurement Documents shall be in one of the following languages, selected by the Borrower: English, French, or Spanish. In addition, the Borrower has the option to issue translated versions of these documents in another language which should either be: (a) the national language of the Borrower; or (b) the language used nation-wide in the Borrower's country for commercial transactions, hereinafter both are called the "National Language". In both cases the Bank shall be satisfied with the language to be used, and the Borrower shall take full responsibility for the correct translation of the documents in the National Language. In case of any discrepancies, the text in English, French or Spanish, shall prevail. If bidding/request for proposals document are issued in two languages, firms shall have the option to submit their prequalification/expressions of interest/quotations/bids/proposals, as the case may be, in any one of the two languages in which these documents are issued.
- 6.10 For international competitive procurement that is subject to prior review, the Borrower has the responsibility to furnish to the Bank an accurate translation of the bid evaluation report, draft contract and the conformed copy of the contract in the internationally used language specified in the bidding document (English, French, or Spanish). An accurate translation shall also be furnished to the Bank for any subsequent modifications of such contracts.
- 6.11 For national procurement, Procurement Documents may be in the National Language. In cases when the Procurement Documents are in the National Language, the Bank may require the Borrower to provide, for its review, an accurate translation of all documentation in English, French or Spanish.

## World Bank Procurement Regulations for Borrowers

- 6.12 The contract signed with the winning bidder/consultant shall always be written in the language in which the bid/proposal was submitted, which shall be the one that governs the contractual relations between the Borrower and the winning bidder/consultant. The contract shall not be signed in more than one language.

### I. CONFIDENTIALITY

- 6.13 Without prejudice to the principle of transparency, and/or other obligations pursuant to these Procurement Regulations, in particular those relating to the publication of contract award notice, and debriefing of unsuccessful bidders or consultants, the Borrower shall not disclose information provided by bidders or consultants in their bids or proposals, which they have marked as confidential or proprietary information, including but not limited to trade secrets, and commercial or financial information.
- 6.14 After the opening of bids or proposals until the publication of the contract award, the Borrower shall treat information relating to the examination, clarification, and evaluation of bids or proposals in such a manner so as to avoid disclosure of their contents to any other individual or firm participating in the selection process or any other party not authorized to have access to this type of information.

### J. COMMUNICATIONS

- 6.15 Communications between bidders/consultants and the Borrower during the different stages of the procurement process shall be in writing with proof of receipt. However, such communications as early provider engagement, competitive dialogue and exploratory/clarification meetings between bidders/consultants and the Borrower, are not required to be in writing; in all cases Borrowers shall keep written records of communications.

### K. PUBLICATION OF PROCUREMENT OPPORTUNITIES

- 6.16 Timely notification of procurement opportunities is essential in competitive procurement. A General Procurement Notice (GPN) is required for all procurement financed by the Bank that is expected to involve open international competitive procurement (except for operations involving a program of imports). The Borrower is required to prepare and submit to the Bank a GPN prior to the commencement of any procurement activity under the project. The Bank will arrange for its publication in UN Development Business online (UNDB online) and on the Bank's external website. The GPN shall contain information concerning the Borrower (or prospective Borrower), purpose and amount of the financing, scope of procurement reflecting the Procurement Plan, and the Borrower's contact point, and, if available, the address of a website with free access where the subsequent Specific Procurement Notice (SPN) will be posted. If known, the scheduled dates for the specific procurement opportunities should also be indicated.
- 6.17 The Borrower shall advertise the SPN on its website with free access if available, or in at least one newspaper of national circulation in the Borrower's country, or in the official gazette. For open international competitive procurement: (a) the Borrower shall also publish the SPN in the UNDB online and, if possible, in an international newspaper of wide

## World Bank Procurement Regulations for Borrowers

circulation and (b) the Bank will arrange the simultaneous publication of the SPN in its external website.

### L. PROCUREMENT DOCUMENTS

- 6.18 For international competitive procurement, the Borrower shall use the Bank's Standard Procurement Documents. For procurement involving national competitive procurement, the Borrower may use its own Procurement Documents, acceptable to the Bank.
- 6.19 The Bank's Standard Procurement Documents may be found in its external website: [www.worldbank.org/procurement/standarddocuments](http://www.worldbank.org/procurement/standarddocuments).

### M. CLARIFICATION OF BIDDING/REQUEST FOR PROPOSALS DOCUMENTS AND AMENDMENTS

- 6.20 Potential bidders/consultants may request clarification of issued bidding/request for proposals document in writing. All amendments of bidding/request for proposals document, including with regard to additional information, clarifications, and corrections of errors, shall be sent simultaneously to each recipient of the original bidding/request for proposals document and all potential bidders/consultants on record in sufficient time to enable bidders to take appropriate action. Any modification to the bidding/request for proposals document shall be introduced in the form of an amendment. If necessary, the deadline for bid/proposal submission should be extended.

### N. BID/PROPOSAL VALIDITY

- 6.21 Bid/proposal validity periods to be specified in the bidding/proposal documents shall be sufficient to enable the Borrower to complete the comparison and evaluation of bids/proposals, and obtain all the necessary approvals within the Borrower's entity and the Bank's no objection to the recommendation of award (if required in the Procurement Plan) so that the contract can be awarded within that period.

### O. BID SECURITY

- 6.22 For the procurement of goods, works or general services, Borrowers have the option of requiring a bid security. When used, the bid security shall be in the amount and form specified in the bidding document and shall remain valid for a period (generally four (4) weeks beyond the validity period for the bids) sufficient to provide reasonable time for the Borrower to act if the security is to be called. Bid securities shall be released to unsuccessful bidders once the contract has been signed with the winning bidder.
- 6.23 Bidders shall be allowed to submit a bid security directly issued by the reputable bank or financial institution (insurance, bonding or surety company) of their choice, located in any eligible country. However, if the bid security is issued by a financial institution and that financial institution is located outside the borrower's country, if it is not enforceable, the financial institution shall have a correspondent financial institution located in the borrower's country to make it enforceable.

## World Bank Procurement Regulations for Borrowers

- 6.24 In place of a bid security, the Borrower may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding document, the bidder will be suspended for the period of time specified in the bidding document from being eligible to bid for any contract with the entity that invited bids.

### P. BID/PROPOSAL PREPARATION PERIOD AND SUBMISSION

- 6.25 The time allowed for the preparation and submission of bids/proposals shall be determined with due consideration to the particular circumstances of the project and the magnitude and complexity of the procurement. The minimum period allowed for preparation of bids/proposals shall be twenty (20) Business Days for national competition and thirty (30) Business Days for open international competitive procurement, unless otherwise agreed with the Bank. For complex procurement, the Borrower may arrange a pre-bid/pre-proposal conference in which potential bidders/consultants may meet with Borrower representatives to seek clarifications. The Borrower should also provide reasonable access to project sites for prospective bidders.
- 6.26 The deadline and place for receipt of bids/proposals shall be specified in the SPN and the bidding/request for proposals document. Potential bidders/consultants shall be permitted to submit bids/proposals by mail or in person. Borrowers may also use electronic systems, provided the Bank is satisfied with the adequacy of the system.

### Q. BID/PROPOSAL OPENING

- 6.27 The date and time for the bid/proposal opening shall be the same as for the deadline for receipt of bids/proposals or promptly thereafter, and shall be announced, together with the place for bid/proposal opening, in the bidding/request for proposals document and/or the SPN.
- 6.28 At the bid/proposal opening the Borrower shall neither discuss the merits of any bid/proposal nor reject any bids/proposals that have been received on time.
- 6.29 In single stage – one envelope, the Borrower shall:
- a) open in public all bids/proposals received by the deadline for bid/proposal submission.
  - b) read aloud and record the name of each bidder/consultant that submitted a bid/proposal, the total amount of each bid/proposal, any discounts, bid security/declaration if required, and any alternative bids/proposals offered if they have been requested or permitted.
- 6.30 In single stage – two envelope, for the technical proposals, the Borrower shall:
- a) open in public the technical proposals received by the deadline for the submission of bids/proposals, in the presence of those bidders/consultants that submitted bids/proposals and wish to attend the opening. Financial proposals that have been submitted shall remain unopened and shall be kept in a secure place.

## World Bank Procurement Regulations for Borrowers

- b) read aloud and record the name of each bidder/consultant that submitted bids/proposals, the presence or absence of duly sealed envelopes with the price bid/proposal, and any other information deemed appropriate.

6.31 In single stage – two envelope, for the financial proposals, the Borrower shall:

- a) open in public the financial proposals of the bidders/consultants that met the minimum qualifying technical requirements.
- b) read aloud and record the name of each bidder/consultant that submitted a bid/proposal, the total amount of each bid/proposal, any discounts, and bid security/declaration if required; and
- c) return unopened, after the signature of the contract, the financial bids/proposals of firms whose technical proposals did not meet the minimum qualifying technical requirements or were considered nonresponsive.

6.32 In a multi stage process, and when the first stage submission does not include prices, the information to be read out shall be as in a single stage – two envelope above.

6.33 A copy of the record of bid/proposal opening shall be promptly sent to all bidders/consultants whose bids/proposals were opened and to the Bank, if subject to prior review.

6.34 Bids/proposals received after the submission deadline, as well as those not opened and read out at the bid opening, shall not be considered.

### R. LATE BIDS/PROPOSALS

6.35 Bids/proposals received after the date and time deadline for receipt shall not be considered.

### S. EVALUATION CRITERIA

6.36 The evaluation criteria shall be appropriate to the type, nature, market conditions, and complexity of what is being procured, and should be outlined in the PPSD and/or the Activity Procurement Strategy, as appropriate, and shall be clearly specified in detail in the bidding/request for proposals document. For details see Annex X, Evaluation Criteria.

### T. REJECTION OF BIDS/PROPOSALS

#### **Goods, Works and Non-consulting Services**

6.37 Rejection of all bids or proposals is justified (for contracts subject to prior review, with Bank's no objection) when effective competition is lacking, all bids or proposals are not substantially responsive to the requirements of the bidding/request for proposals document, or the bids or proposals prices are substantially higher than the updated cost estimate or available budget, or when none of the technical proposals meets the minimum technical qualifying mark. Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one bid or proposal is submitted, the bidding process may be considered valid, if the procurement was satisfactorily advertised, the qualification criteria were not unduly restrictive, and prices are reasonable in comparison

## World Bank Procurement Regulations for Borrowers

to market values. If the Borrower rejects all bids or proposals, the Borrower shall review the causes justifying the rejection of all bids or proposals and make appropriate revisions to the bidding/request for proposals document before requesting new bids or proposals.

- 6.38 The Borrower shall not reject all bids/proposals and invite new bids/proposals using the same bidding/request for proposals document solely to obtain lower prices. If the most advantageous bid/proposal exceeds the Borrower's updated cost estimates by a substantial margin, the Borrower shall analyze the causes for the discrepancy and consider requesting new bids/proposals. Alternatively, the Borrower may negotiate with the bidder/consultant with the Most Advantageous Bid or Proposal to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibilities that can be reflected in a reduction of the contract price. However, a substantial reduction in the scope or a modification to the contract documents may require rebidding.
- 6.39 If the bid/proposal that results in the Most Advantageous Bid/Proposal, is seriously unbalanced or front loaded in the opinion of the Borrower, the Borrower may require the Bidder to provide written clarifications including detailed price analyses to demonstrate the consistency of those prices with the scope of works, proposed methodology and schedule.
- 6.40 After evaluation of the detailed price analyses (for contracts subject to prior review with Bank's no objection), the Borrower may:
- a) accept the bid/proposal;
  - b) if appropriate, require that the amount of the performance security be increased at the expense of the bidder to a level sufficient to protect the Borrower against financial loss in the event of default of the successful bidder under the contract; or
  - c) reject the bid/proposal.

### Consulting Services

- 6.41 Rejection of all proposals is justified (for contracts subject to prior review, with Bank's no objection) if: (i) all proposals are nonresponsive because they fail to respond to important aspects of the TOR or present major deficiencies in complying with the TOR; or (ii) all proposals fail to achieve the minimum technical score; or (iii) if the offered price of the successful proposal is substantially higher than the available budget or a recently updated cost estimate. In the latter case, as an alternative to re-invitation, the possibility of increasing the budget or scaling down the scope of services with the firm should be investigated in consultation with the Bank. However, any substantial reduction in the scope of services will not be acceptable and will require a re-invitation. If cost is a factor in the evaluation for a time-based contract, the number of person-months proposed by the consultant may be negotiated, provided that it does not compromise quality or adversely affect the assignment.

## U. ABNORMALLY LOW BIDS (FOR GOODS, WORKS, AND NON-CONSULTING SERVICES)

- 6.42 An abnormally low bid/proposal is one where the bid/proposal price in relation to the scope, methodology, technical solution and schedule, appears so unreasonably low that it raises



## World Bank Procurement Regulations for Borrowers

concerns with the Borrower in regards to the bidder's ability to perform the contract successfully.

- 6.43 If and when an abnormally low bid/proposal is identified, the Borrower shall seek written clarifications from the bidder, including detailed price analysis for its bid/proposal prices in correlation with the scope, proposed methodology, schedule, and allocation of risks and responsibilities. The bidding/proposal documents shall include an appropriate provision on the identification and treatment of abnormally low bids/proposals.
- 6.44 After the evaluation of the information and detailed price analyses presented by the bidder (for contracts subject to prior review, with Bank's no objection), the Borrower may:
- a) accept the bid/proposal;
  - b) if appropriate, require that the amount of the performance security be increased at the expense of the bidder to a level sufficient to protect the Borrower against financial loss in the event of default of the successful bidder under the contract; or
  - c) reject the bid/proposal.

### V. CONTRACT AWARD

- 6.45 The Borrower shall award the contract to the bidder/consultant offering the most advantageous bid/proposal:
- a) when rated criteria are not used, the bidder that meets the qualification criteria and whose bid/proposal has been determined to be (i) substantially responsive to the bidding/request for proposals document, and (ii) the lowest evaluated cost; or
  - b) when rated criteria are used, the (i) substantially responsive bidder that meets the qualification criteria and has submitted the best evaluated bid/proposal, or (ii) the consultant that submitted the best evaluated bid/proposal.

### W. STANDSTILL PERIOD

- 6.46 Except as set forth in paragraph 6.48 below, contracts subject to prior review by the Bank shall be awarded not earlier than ten (10) Business Days from the day on which the notification of intention to award the contract was transmitted to bidders/consultants, or, in the case of framework agreements, the notification of intention to conclude a framework agreement was transmitted to bidders/consultants.
- 6.47 In addition, in the case of consulting services, as applicable to the selection method, the financial proposal opening for those consultants who have secured the minimum qualifying technical score shall not take place earlier than seven (7) Business Days following the notification of the results of the technical evaluation to all consultants that submitted proposals.
- 6.48 Paragraphs 6.46 and 6.47 above shall not apply in the following situations:
- a) only one bid/proposal was submitted in an open competitive process;
  - b) in case of direct selection;

## World Bank Procurement Regulations for Borrowers

- c) competition between firms selected under framework agreements; and
- d) emergency situations declared by the Borrower.

### **X. NOTIFICATION OF THE INTENTION TO AWARD AND THE AWARD OF CONTRACT WHEN STANDSTILL APPLIES**

#### **For Goods, Works and Non-Consulting Services**

- 6.49 At the beginning of the standstill period, the Borrower shall promptly notify in writing to each bidder that submitted a bid/proposal of its intention to award to the successful bidder, or in case of framework agreements, its intention to conclude a framework agreement, at the end of the standstill period. The notification shall contain, at a minimum, the following information as applicable to the selection method
- a) the name and address of the bidder submitting the successful bid/proposal;
  - b) the contract price, or where the successful bid/proposal was determined on the basis of price and rated criteria, the contract price and a summary of the technical score of the successful bid/proposal;
  - c) the names of all bidders who submitted bids/proposals, and their bid/proposal prices as read out at the bid/proposal opening;
  - d) evaluated prices of each bid/proposal;
  - e) a statement of the reason(s) the bid/proposal of the unsuccessful bidder to whom the letter is addressed was unsuccessful, unless the price information under (d) of this paragraph already reveals the reason. In no case shall any bidder's cost breakdown, trade secrets, manufacturing processes and techniques, or other confidential business or financial information be disclosed to any other bidder; and
  - f) the duration of the standstill period as set out in the bidding/request for proposals document and in accordance with the requirements of these Procurement Regulations. The standstill period shall run from the date of the transmission of the notice under this paragraph to all bidders that submitted bids/proposals.

#### **For Consulting Services**

- 6.50 At the beginning of the standstill period, the Borrower shall notify in writing each consultant that submitted a proposal of its intention to award the contract to the consultant with whom the Borrower successfully negotiated a contract. In the case of framework agreements, the Borrower shall promptly notify in writing to each consultant that submitted a proposal, of its intention to conclude a framework agreement. The notification shall be sent after receiving the Bank's no objection to the draft negotiated contract proposed to be signed by the Borrower and initialed by the successful consultant.
- 6.51 The notification shall contain, at a minimum, the following information as relevant to the selection method:
- a) the name and address of the successful consultant with whom the Borrower successfully negotiated a contract;



## World Bank Procurement Regulations for Borrowers

- b) the names of all consultants included in the short list, indicating those that submitted proposals;
- c) where the selection method requires, the prices offered by each consultant as read out and as they have been evaluated;
- d) the overall technical scores and scores assigned for each criterion and sub-criterion to each consultant;
- e) the final combined scores and the final ranking of the consultants;
- f) a statement of the reason(s) the proposal of the unsuccessful consultant to whom the letter is addressed was unsuccessful, unless the combined score under (e) of this paragraph already reveals the reason. In no case shall any consultant's cost breakdown, trade secrets, methodology or other confidential business or financial information be disclosed to any other consultant, and
- g) the duration of the standstill period as set out in the bidding/request for proposals document and in accordance with the requirements of these Procurement Regulations. The standstill period shall run from the date of the transmission of the notice under this paragraph to all consultants that submitted proposals.

### Y. COMPLAINTS RECEIVED DURING THE STANDSTILL PERIOD

- 6.52 If the Borrower receives a complaint within the standstill period, the Borrower shall immediately acknowledge receipt of the complaint, and promptly take appropriate action including preparation of a response in writing. Simultaneously, the Borrower shall inform the Bank and provide all relevant information and documentation, including its draft response to the complaint, for the Bank's review. If as a result of the review of a complaint the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for no objection. The Borrower shall not proceed with awarding a contract without receiving from the Bank its confirmation of satisfactory resolution of complaints.
- 6.53 If the Borrower does not receive any complaint during the standstill period, the Borrower shall inform the Bank of the same, and may proceed to award the contract in accordance with the recommendation which has previously received Bank's no objection.

### Z. NOTIFICATION OF AWARD

#### **For Goods, Works, Non-Consulting Services**

- 6.54 Upon expiry of the standstill period, or, if a complaint has been filed within the standstill period, upon receipt of the Bank's confirmation of satisfactory resolution of complaint, the Borrower shall transmit the notice of award to the successful bidder, or in the case of framework agreements, the notice to conclude a framework agreement with the selected bidders, along with other documents as specified in the bidding/request for proposals document for the procurement activity.

## World Bank Procurement Regulations for Borrowers

### For Consulting Services

- 6.55 Upon expiry of the standstill period, or, if a complaint has been filed within the standstill period, upon receipt of the Bank's confirmation of satisfactory resolution of complaint, the Borrower shall transmit the notice of award to the successful consultant, or in case of framework agreements, its intention to conclude a framework agreement.

### AA.PUBLICATION OF CONTRACT AWARD NOTICE

- 6.56 The Borrower shall publish the contract award notice for contracts subject to the Bank's prior review within fourteen days from (a) the expiry of the standstill period (if no complaints are received) or (b) receiving the Bank's confirmation of satisfactory resolution of complaints; or, for contracts subject to the Bank's post review, within two weeks of the Borrower's notification to the successful bidder/consultant of the award decision. In the case of framework agreements concluded in accordance with paragraphs 7.54-7.56 and 8.33, Sections VII. and VIII. respectively of these Procurement Regulations, this publication requirement applies only to the award of the framework agreement and not to competition with selected bidders/consultants under the framework agreement. The information shall be published on the Borrower's website with free access if available, or in at least one newspaper of national circulation in the Borrower's country, or in the official gazette. In the case of international competitive procurement, the Borrower shall also publish the contract award notice in UNDB online. The Bank will arrange the publication of award of contracts under prior review on its external website upon receipt from the Borrower of a conforming copy of the signed contract.

### BB.DEBRIEFING BY THE BORROWER TO UNSUCCESSFUL BIDDERS AND CONSULTANTS

- 6.57 An unsuccessful bidder or consultant, upon its written request transmitted to the Borrower within three days after the date on which that bidder/consultant has received the Borrower's notification of intention to award, or in the case of framework agreements, the notification of intention to conclude a framework agreement, shall be debriefed and provided the basis for the selection decision and intention to award, or to conclude an agreement. The Borrower is not required to consider a request for debriefing received after the standstill period.
- 6.58 To the maximum extent practicable, the debriefing should occur within five (5) Business Days after the Borrower's receipt of the written request by the bidder/consultant.
- 6.59 Debriefings of unsuccessful bidders or consultants may be done verbally or in writing. The Borrower shall not impose undue formal requirements that would restrict the bidder/consultant's ability to receive a timely and meaningful debriefing. If the bidder/consultant requests a debriefing meeting, the bidder/consultant shall bear their costs of attending such a debriefing meeting.
- 6.60 At a minimum, the debriefing information shall include, as relevant to the selection method:
- a) the Borrower's evaluation of the significant weaknesses or deficiencies in the bidder/consultant's bid/ proposal, if applicable;

## World Bank Procurement Regulations for Borrowers

- b) the overall evaluated cost or price and technical rating of the debriefed bidder/consultant; and
- 6.61 A summary of the rationale for award, or in the case of framework agreements, the rationale for concluding an agreement.
- 6.62 The debriefing shall not include point-by-point comparisons of the debriefed bidder/consultant's bid/proposal with those of other bidders/consultants. Moreover, the debriefing shall not reveal any information prohibited from disclosure under paragraphs 6.13 and 6.14, Section VI of these Procurement Regulations, including:
  - a) trade secrets; and
  - b) commercial or financial information.
- 6.63 An official summary of the debriefing shall be included in the procurement records.

### CC.DEBRIEFING BY THE BANK

- 6.64 If, after notification of contract award, a bidder/consultant who has not received satisfactory explanation from the Borrower, including through a debriefing with the Borrower, as to why its bid or proposal was not successful, may seek a meeting with the Bank. It may do so by addressing the Accredited Practice Manager for the Borrowing country, who will arrange a meeting at the appropriate level and with relevant staff. The purpose of such meeting is only to discuss the bidder's/consultant's bid/proposal, and not to reverse the Bank's position that has been conveyed to the Borrower nor to discuss the bids/proposals of competitors.

### DD.CONTRACT MANAGEMENT

- 6.65 The aim of contract management is to ensure that all parties meet their obligations. Contracts shall be actively managed throughout their life to ensure that contractor performance is satisfactory, appropriate stakeholders are informed and all contract requirements are met. For details see Annex XI, Contract Management.

### EE.RECORDS

- 6.66 Borrowers shall keep records of all proceedings of the procurement process in accordance with the requirements of the Legal Agreement.

### **SECTION VII. APPROVED SELECTION METHODS, PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS AND MARKET APPROACH OPTIONS**

- 7.1 Table 1. provides an overview of the approved selection methods, particular types of approved selection arrangements and market approach options available for the procurement of goods, works and non-consulting services in IPF operations. For details see Annex XII, Selection Methods.

WORKING DRAFT

## World Bank Procurement Regulations for Borrowers

**Table 1. Selection Methods for Goods, Works and Non-Consulting Services**

Approved Selection Methods	Market Approach Options										
	Open	Limited	Direct	Inter-national	National	PQ	Single Stage **	Multi Stage	BAFO	Negotiations	Rated Criteria
<b>Goods, Works and Non-Consulting Services</b>											
<b>Approved Selection Methods</b>											
Request for Proposals	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Request for Bids	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	-
Request for Quotations	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	-	-	-	-
Direct Selection	-	-	<input type="checkbox"/>	-	-	-	<input type="checkbox"/>	-	-	<input type="checkbox"/>	-
<b>Particular Types of Approved Selection Arrangements</b>											
Competitive Dialogue	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	-	-	<input type="checkbox"/>
Public Private Partnerships (PPP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commercial Practices											
UN Agencies											
E-Auctions	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	<input type="checkbox"/>	-
Imports	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	-	-	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	-
Commodities	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-	-
Community Driven Development (CDD)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	-	<input type="checkbox"/>	-	-	-	-
Force Accounts	-	-	<input type="checkbox"/>	-	<input type="checkbox"/>	-	-	-	-	-	-

☐ Market Approach Option

\*\* Either one or two envelopes, see paragraphs 7.26 and 7.27 of this section.

# World Bank Procurement Regulations for Borrowers

## A. APPROVED SELECTION METHODS

7.2 The Bank defines the following as Approved Selection Methods:

- a) Request for Proposals (RFP);
- b) Requests for Bids (RFB);
- c) Requests for Quotations (RFQ); and
- d) Direct Selection;

### A.1 REQUEST FOR PROPOSALS

- 7.3 An RFP is a competitive method for the solicitation of proposals, that should be used when due to the nature of the goods, works or non-consulting services to be provided, the Borrower is not able to specify its requirements without allowing firms to offer proposals that vary in the degree in which they meet the requirement of the request for proposals document.
- 7.4 In order to evaluate the degree to which proposals meet the requirements of the request for proposals document, and to be able to compare proposals which meet the requirements in varying degrees, the evaluation criteria may normally include rated type criteria.
- 7.5 An RFP process may be conducted (a) in a single stage, in which case rated type evaluation criteria shall be used, or (b) in multiple stages, independent of whether rated type evaluation criteria are used. However, if a multi-stage procurement process is required, it shall use the RFP method.
- 7.6 This method requires the use of the Bank's Standard Request for Proposals Document.
- 7.7 For details see Annex XII, Selection Methods.

### A.2 REQUESTS FOR BIDS

- 7.8 A Request for Bids (RFB) is a competitive method for the solicitation of offers for goods, works or non-consulting services that meet the requirements of the bidding document. RFB is intended to be used when due to nature of the goods, works or non-consulting services to be provided, the Borrower is able to specify the detailed requirements that enable firms to offer bids that meet the requirement of the bidding document.
- 7.9 Procurement under this method is conducted in a single stage process. This method is not appropriate when rated type evaluation criteria are to be used. For international competitive procurement this method requires the use of the Bank's Standard Bidding Document. For details see Annex XII, Selection Methods.

### A.3 REQUESTS FOR QUOTATIONS

- 7.10 Requests for quotations is a competitive method based on comparing price quotations obtained from firms. This method may be appropriate for procuring limited quantities of

## World Bank Procurement Regulations for Borrowers

readily available off-the-shelf goods or non-consulting services, standard specification commodities, or simple civil works, of small value, when it is more efficient than more competitive methods. For details see Annex XII, Selection Methods.

### A.4 DIRECT SELECTION

- 7.11 Proportional, fit-for-purpose and VfM considerations may require a direct selection (single-source or sole-source selection) approach: that is approaching and negotiating with only one firm. This selection method may be appropriate under circumstances where there is only one suitable firm or there is justification to use a preferred firm.
- 7.12 Direct selection may be appropriate under the following circumstances:
- a) Single-source Selection (preferred firm from several source):
    - i. an existing contract not originally financed by the Bank, for goods, works, or non-consulting services, awarded in accordance with procedures acceptable to the Bank, may be extended for additional goods, works, and non-consulting services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable;
    - ii. there is a justifiable requirement to re-engage a firm that has previously completed a contract with the Borrower to perform a similar type of contract. The justification shall show satisfactory performance of the firm in the previous contract, that no advantage may be obtained by competition, and that the prices are reasonable;
    - iii. the procurement is both very low-value and low-risk as agreed in the Procurement Plan; or
    - iv. the case is exceptional, for example, in response to natural disasters and emergency situations.
  - b) Sole-source Selection (only one source possible):
    - i. standardization of goods that need to be compatible with existing goods may justify additional purchases from the original firm. For such purchases to be justified, the advantages and disadvantages of another brand or source of equipment shall have been considered on grounds acceptable to the Bank;
    - ii. the required equipment is proprietary and obtainable from only one source;
    - iii. the procurement of certain goods from a particular firm is essential to achieve the required performance or functional guarantee of an equipment, industrial plant, or facility;
    - iv. When the goods, works, or non-consulting services provided in the Borrower's country by a SOE, university or a research center of the Borrower's country are of a unique and exceptional nature because of the absence of suitable private sector alternatives, or as a consequence of the regulatory framework, or because its participation is critical to project implementation.
- 7.13 In all instances of direct selection, the Borrower shall ensure that:

## World Bank Procurement Regulations for Borrowers

- a) the prices are reasonable and consistent with the market rates for items of a similar nature; and
- b) the required goods, works or non-consulting services are not split into smaller size procurement in order to avoid competitive processes.

### B. MARKET APPROACH OPTIONS

#### B.1 OPEN COMPETITION

- 7.14 An open competitive approach to market is the Bank's preferred approach as it provides all eligible prospective bidders with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to bid for the required goods, works or non-consulting services. Any approach other than open competition shall be justified in the PPSP and/or the Procurement Plan.

#### B.2 LIMITED COMPETITION

- 7.15 Limited competitive approach to market is by invitation only, without advertisement. It may be an appropriate method of selection where there are only a limited number of firms or there are other exceptional reasons that justify departure from open competitive procurement approaches.

#### B.3 INTERNATIONAL COMPETITION

- 7.16 Approaching the international market is appropriate for situations where the participation of foreign firms will increase competition and may assure the achievement of best VfM and fit-for-purpose results.
- 7.17 Open international competitive procurement, whose requirement includes mandatory international advertisement in accordance with these Procurement Regulations, is the preferred approach for complex, high-risk and/or high-value activities. The Bank has set specific thresholds for this purpose.

#### B.4 NATIONAL COMPETITION

- 7.18 When approaching the national market, the country's own procurement arrangements may be used, if they are acceptable to the Bank. In such case, the bidding/request for proposals document shall require that bidders/consultants submitting bids/proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of and compliance with the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights (Annex XVI of these Procurement Regulations). Approaching the national market may be most appropriate, when the procurement because of its nature or scope is unlikely to attract foreign competition as the goods, works or non-consulting services are available locally at prices below the international market or because of:
- a) the size and conditions of the market;
  - b) the value of the contract;



## World Bank Procurement Regulations for Borrowers

- c) activities that are scattered geographically or spread over time and/or labor intensive; and/or
  - d) the advantages of approaching the international market are clearly outweighed by the administrative or financial burden involved.
- 7.19 If foreign firms wish to participate in open national competitive procurement, they are allowed to do so on the terms and conditions that apply to national firms.
- 7.20 Requirements for open national competitive procurement include at least, the following:
- a) open advertising at the national level of the procurement opportunity
  - b) open to eligible firms from any country;
  - c) the bidding/request for proposals document shall require that bidders submitting bids/proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of and compliance with the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights (Annex XVI of these Procurement Regulations);
  - d) contracts with an appropriate allocation of responsibilities, risks and liabilities;
  - e) publication of contract award information;
  - f) rights for the Bank to review procurement documentation and activities;
  - g) effective and independent complaints mechanism; and
  - h) keeping of records of the Procurement Process.

### B.5 PREQUALIFICATION

- 7.21 Prequalification is the prior screening of firms on the basis of criteria such as experience, financial situation and eligibility to identify qualified firms, prior to issuing to them a request for bid or proposal to such firms. Prequalification is appropriate for large or complex contracts, or in any other circumstances in which the high costs of preparing detailed proposals could discourage competition, such as custom-designed equipment, industrial plant, specialized services, some complex information and technology, procurement under turnkey contracts, design and build, or management contracting. Prequalification also ensures that requests for bids or proposals are extended only to those who have adequate capabilities and resources. At the end of the prequalification process, the Borrower shall inform all applicants of the results of the prequalification. The invitation for prequalified firms to submit bids/proposal shall include the names of all prequalified firms
- 7.22 Subject to paragraphs 3.26-3.28, Section III. of these Procurement Regulations, prequalification shall be based entirely upon the capability and resources of prospective eligible bidders to perform the particular contract satisfactorily, taking into account objective and measurable factors, including: (a) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (b) financial situation; and, where relevant, (c) capability of construction and/or manufacturing facilities. The Borrower shall use the Standard Prequalification Document.

## World Bank Procurement Regulations for Borrowers

- 7.23 The assessment of a firm's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized sub-contractors if permitted in the prequalification document), or any other firm different from the firm that submitted the prequalification application.
- 7.24 When the time elapsed between the Borrower's decision on the list of prequalified firms and the issuance of bid/proposal invitations is longer than twelve (12) months, the Bank may require that a new prequalification process is conducted through re-advertisement.

### B.6 POST QUALIFICATION

- 7.25 If bidders have not been prequalified, the Borrower shall specify appropriate qualification requirements in the bidding/request for proposals document to ensure that a bidder who would be recommended for contract award has the capability and resources to effectively carry out the contract. The assessment of a firm's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized sub-contractors if permitted in the bidding/request for proposals document), or any other firm different from the firm that submitted the bid/proposal.

### B.7 SINGLE STAGE – ONE ENVELOPE

- 7.26 In single stage procurement the selection process requires submission of both technical and price bids/proposals in one envelope. Single stage procurement is most appropriate when the specifications and requirements are sufficient and clear to enable submissions of complete bids/proposals.

### B.8 SINGLE STAGE - TWO ENVELOPES

- 7.27 Single Stage procurement shall normally be in one (1) envelope. As an exception, a two (2) envelopes process may be applied with the first envelope comprising of qualification/technical offer and the second envelope of price that are opened sequentially and evaluated. A two envelope process shall not be used with rated type criteria as well as in procurement where evaluation of the bid/proposal price requires adjustments on the basis of a bidder's technical offer. The Borrower shall open the first envelope in public and shall ensure that the second envelope is kept in safe custody until it is opened in public.

### B.9 MULTI STAGE

- 7.28 Typically, in the case of procurement of: (a) large complex facilities awarded on the basis of a turnkey contract for the design and build of an industrial plant; (b) works of a complex and special nature; or (c) complex information and communication technology that are subject to rapid technology advances, it may be undesirable or impractical to prepare complete technical specifications in advance. In the first stage, proposals are invited on the basis of a conceptual design, or performance, or functional specification basis, subject to the Borrower conducting confidential discovery and clarification meetings to learn about possible solutions. In the second stage, the bidding/request for proposals document may be amended based on the discoveries made in the confidential meetings, and issued to the qualified bidders requesting them to submit final proposals. In procurement with multiple stages, the RFP selection method shall be used.

## World Bank Procurement Regulations for Borrowers

### B.10 BEST AND FINAL OFFER

- 7.29 Best and Final Offer (BAFO) is an option whereby the Borrower invites all bidders that have submitted substantially responsive bids/proposals or that have achieved the specified minimum score to submit their BAFO. Such a process may be appropriate when the scope of work is defined in terms of functional requirements and the procurement process would benefit from bidders being given a final opportunity to improve their bids/proposals including, but not limited to the reduction of prices, clarification or modification of their bid or the provision of additional information. The Borrower shall inform bidders in the bidding/request for proposals document (i) if a BAFO is to be used, (ii) that bidders are not obliged to submit a BAFO, (iii) and that there will be no negotiation after the BAFO. Its use is limited to international competitive procurement under prior review.

### B.11 NEGOTIATIONS

- 7.30 In exceptional circumstances, the Bank may agree to the Borrower's use of negotiations, following bid/proposal evaluations before final contract award. The use of negotiations is limited to international competitive procurement subject to prior review.
- 7.31 Any negotiation shall be in accordance with the requirements of the bidding/request for proposals document. If negotiations are undertaken, it shall be held in the presence of an independent third party, agreed with the Bank. Negotiations may involve terms and conditions, and/or price as well as social, environmental and innovative aspects, as far as the negotiations do not change the minimum requirements of the bid/proposal.
- 7.32 The Borrower shall negotiate first with the bidder that has the most advantageous bid/proposal. If the outcome is unsatisfactory or an agreement is not reached, it may then negotiate with the next best most advantageous bid/proposal, and so on down the list until a satisfactory outcome is achieved.

### B.12 USE OF RATED TYPE EVALUATION CRITERIA

- 7.33 Rated type criteria, refers to criteria that are evaluated on merit points as they cannot be fully assessed in monetary terms. The merit points are assigned based on the degree by which the proposal exceeds the requirements detailed in the bidding/request for proposals document. The criteria can be mandatory rated type criteria, where it may lead to the rejection of a proposal if the minimum or maximum requirements, as the case may be, is not reached. The criteria can also be classified as desirable rated criteria, in which case there is no minimum/maximum threshold that would trigger the rejection of a proposal. The merit points in the rated criteria are awarded based on a ranking system that shall be fully disclosed in the bidding/request for proposals document. For details see Annex X, Evaluation Criteria.
- 7.34 In international competitive procurement, rated type evaluation criteria shall only be used with RFPs.
- 7.35 In national competitive procurement, rated type evaluation criteria and procedures may be used with the prior agreement of the Bank.

# World Bank Procurement Regulations for Borrowers

## C. PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS

7.36 The particular types of procurement arrangements are:

- a) Competitive Dialogue;
- b) Public Private Partnerships;
- c) Commercial Practices
- d) UN Agencies
- e) e-Reverse Auctions;
- f) Imports;
- g) Commodities;
- h) Community Driven Development; and
- i) Force Accounts

### C.1 COMPETITIVE DIALOGUE

7.37 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with bidders in cases of complex or innovative procurement. \

7.38 The Competitive Dialogue selection arrangement may only be used for complex or innovative procurement where the Borrower:

- a) is not objectively able to define the technical specifications and scope to satisfy its requirements; (and/or)
- b) is not objectively able to specify the legal and/or financial arrangements of the procurement; and
- c) has identified an independent third party probity assurance provider to ensure integrity in the entire process, shall be acceptable to the Bank. The probity assurance provider shall provide a report verifying the selection process to the Borrower, which shall be copied to the Bank.

7.39 For details see Annex XIII, Competitive Dialogue.

### C.2 PUBLIC PRIVATE PARTNERSHIPS

7.40 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.

7.41 The Bank may finance the cost of a project or a contract procured under PPP arrangements, such as Build, Own and Operate (BOO), Build, Operate and Transfer (BOT), and Build, Own, Operate and Transfer (BOOT), concessions or similar type of private sector arrangements, if the selection is consistent with the Bank's Core Procurement Principles, reflects the application of the Bank's Anti-Corruption Guidelines, and, is

## World Bank Procurement Regulations for Borrowers

consistent, as appropriate, with the requirements set up in the Procurement Regulations and further elaborated in Annex XIV of these Procurement Regulations.

- 7.42 The private partner selected in accordance with Annex XIV of these Procurement Regulations then procures the goods, works, non-consulting services and/or consulting services required for the facility from eligible sources, using its own procedures.

### C.3 COMMERCIAL PRACTICES

- 7.43 Commercial Practices refers to the use of the well-established procurement methods or commercial practices used by the private sector beneficiaries of non-repayable financing for the procurement of goods, works or non-consulting services, or for a program of imports as specified in paragraph 7.49, Section VII of these Procurement Regulations. The Bank's Core Procurement Principles shall be the standard to determine the acceptability of Commercial Practices.

### C.4 UN AGENCIES

- 7.44 A UN agency<sup>1</sup> may be directly selected in situations of urgent need of assistance because of natural or man-made disaster or conflict or in situations of capacity constraints because of fragility or specific vulnerabilities, for provision of goods, works and non-consulting services, using its own procurement procedures.
- 7.45 UN agencies shall not receive any preferential treatment when participating in a competitive selection process, except that Borrowers may accept the privileges and immunities granted to UN agencies and their staff under existing international conventions and may agree with UN agencies on special payment arrangements required according to the agency's charter, provided these are acceptable to the Bank.
- 7.46 When engaging a UN agency, a standard form of agreement between the Borrower and a UN agency approved by the Bank shall be used, or if not appropriate terms and conditions acceptable to the Bank.
- 7.47 For procurement from or through UN Agencies under circumstances where the Bank and a UN agency have a pre-established framework agreement, the Borrower has an option to call-off under such framework agreement. For details see Annex XV, Framework Agreements.

### C.5 ELECTRONIC REVERSE AUCTIONS

- 7.48 An electronic reverse auction (e-auction) is a scheduled online event in which prequalified/registered firms bid against each other on their price. For details see Annex XII, Selection Methods.

<sup>1</sup> An agency of the United Nations refers to the United Nations departments, specialized agencies and their regional offices (e.g., the PanAmerican Health Organization - PAHO), funds and programmes. The Borrower shall submit to the Bank for its no objection a full justification and the draft form of agreement with the UN agency.

## World Bank Procurement Regulations for Borrowers

### C.6 OPERATIONS INVOLVING A PROGRAM OF IMPORTS

- 7.49 When the loan provides financing for a program of imports, the RFB method with simplified advertising and currency provisions may be used for large-value contracts, as defined in the Legal Agreement. Procurement of smaller contracts identified in the Legal Agreement may be carried out using Commercial Practices. For details see Annex XII, Selection Methods.

### C.7 COMMODITIES

- 7.50 Procurement of commodities refers to procuring items such as grain, animal feed, cooking oil, fertilizer, and metals. The procurement of commodities often involves multiple awards for partial quantities to assure security of supply, and multiple purchases over a period of time to take advantage of favorable market conditions and to keep inventories low. For details see Annex XII, Selection Methods.

### C.8 COMMUNITY DRIVEN DEVELOPMENT

- 7.51 Where, in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable in selected project components to (a) call for the participation of local communities and/or NGOs in civil works and the delivery of non-consulting services, or (b) increase the utilization of local know-how, goods, and materials, or (c) employ labor intensive and other appropriate technologies, the procurement arrangements, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided that these are acceptable to the Bank. For details see Annex XII, Selection Methods.

### C.9 FORCE ACCOUNTS

- 7.52 Force Account, which are works such as 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, may be the only practical method of procurement under specific circumstances. A government-owned construction unit that is not managerially, legally, or financially autonomous shall be considered a Force Account unit.
- 7.53 The use of Force Account requires that the Borrower, applies the same rigorous quality checks and inspection as for contracts awarded to third parties. Force Account shall be justified and may only be used, after Bank no objection, under any of the following circumstances:
- a) the quantities of construction and installation works that are involved cannot be defined in advance;
  - b) the construction and installation works are small and scattered or in remote locations, so that qualified construction firms are unlikely to bid at reasonable prices;
  - c) the construction and installation works are required to be carried out without disrupting ongoing operations;
  - d) the risks of unavoidable work interruption are better borne by the Borrower than by a contractor;



## World Bank Procurement Regulations for Borrowers

- e) specialized non-consulting services such as aerial surveys and mapping, as a matter of the Borrower's law or official Procurement Regulations in such areas as national security, can only be carried out by specialized branches of the government; or
- f) urgent repairs are needed requiring prompt attention to prevent further damages, or works need to be carried out in conflict-affected areas where private firms may not be interested.

### D. PARTICULAR TYPES OF CONTRACTUAL ARRANGEMENTS

#### D.1 FRAMEWORK AGREEMENTS

- 7.54 A Framework Agreement (FA) is a long-term agreement established with one or more firms for the anticipated procurement of goods, works, non-consulting services, as and when required over a specified period of time. The agreement sets out terms and conditions under which specific procurements (call-offs – directly or competitively) can be made throughout the term of the agreement.
- 7.55 Framework agreements may be appropriate for the procurement of goods, works and non-consulting services under the following circumstances:
- a) there is frequent re-ordering based on the same (or similar) set of specifications;
  - b) different entities of the Borrower procure the same goods, works, non-consulting services and aggregating the demand could potentially lead to volume discounts;
  - c) emergency situations/crisis planning (such as for natural disasters); or
  - d) no single firm is considered to have sufficient capacity.
- 7.56 For details see Annex XV, Framework Agreements.

#### D.2 PERFORMANCE BASED CONTRACTS

- 7.57 Performance Based Contracts are contractual relationships where payments are made for measured outputs (performance targets) instead of inputs. The outputs aim at satisfying functional needs in terms of quality, quantity and reliability. Examples include rehabilitation of roads and operation and maintenance of the roads by the contractor for specified periods.



### **SECTION VIII. APPROVED SELECTION METHODS, PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS AND MARKET APPROACH OPTIONS**

- 8.1 Table 2. provides an overview of the approved selection methods, particular types of approved selection arrangements and market approach options available for the selection of consulting services in IPF operations. For details see Annex XII, Selection Methods.

WORKING DRAFT

## World Bank Procurement Regulations for Borrowers

**Table 2. Selection methods for Consulting Services**

Approved Selection Methods	Market Approach Options					
Consulting Services	Open	Limited	Direct	Inter-national	National	Short List
<b>Selection Methods for Consulting Firms</b>						
Quality Cost Based Selection	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fixed Budget Based Selection	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Least Cost Based Selection	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality Based Selection	<input type="checkbox"/>	-	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consultant's Qualification Based Selection	<input type="checkbox"/>	<input type="checkbox"/>	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Direct Selection	-	-	<input type="checkbox"/>	-	-	-
<b>Particular Types of Approved Selection Arrangements for Consultants</b>						
Commercial Practices						
UN Agencies						
Non Profit Organizations (such as NGOs)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Procurement Agents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Selection Methods for Individual Consultants</b>						
Selection of Individual Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	-	-	-

☐: Market Approach Option

# World Bank Procurement Regulations for Borrowers

## A. APPROVED SELECTION METHODS OF FIRMS

8.2 The Bank defines the following as approved selection methods for firms:

- a) Quality Cost Based Selection (QCBS);
- b) Fixed Budget Based Selection (FBS);
- c) Least Cost Based Selection (LCS);
- d) Quality Based Selection (QBS);
- e) Consultant's Qualifications Based Selection (CQS);
- f) Direct Selection; and
- g) Commercial Practices

## B. SELECTION PROCEDURES FOR FIRMS

### B.1 SHORTLIST

- 8.3 The preparation of a short list of firms to provide consulting services is required for all selection methods except CQS, Direct Selection, and Commercial Practices. The Borrower is responsible for preparing the shortlist. The shortlist shall comprise firms that expressed interest and that have the relevant experience, managerial and organizational capabilities for the assignment.
- 8.4 The shortlist shall include a sufficient number, not fewer than five (5) and not more than eight (8) eligible firms. The Bank may agree to short lists comprising a smaller number of firms when there are not enough qualified firms having expressed interest for the specific assignment, when enough qualified firms could not be identified, or when the size of the contract or the nature of the assignment does not justify wider competition.
- 8.5 SOEs or institutions and not-for-profit organizations (such as NGOs), Universities and UN Agencies, should not normally be included in the same short list along with private sector firms, unless they operate as commercial entities meeting the requirements of paragraph 3.28 (b) of the Procurement Regulations. If mixing is used, the selection should normally be made using Quality Based Selection (QBS) or Selection Based on the Consultants' Qualifications (CQS) (for small assignments). The short list shall not include Individual Consultants.
- 8.6 The shortlist may comprise entirely national consultants if the assignment is below the ceiling established in the Procurement Plan approved by the Bank. For details see Annex XII, Selection Methods.

### B.2 REQUEST FOR PROPOSALS

- 8.7 The shortlisted firms are then invited to respond to the request for proposals document using one of the selection methods described below. In determining the right selection methods for consultants, quality aspects are particularly critical. Selection based on lowest price only may not deliver the best VfM.

## World Bank Procurement Regulations for Borrowers

### B.3 QUALITY COST BASED SELECTION

- 8.8 QCBS is a competitive process among short-listed consulting firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The request for proposals document shall specify the minimum score for the technical proposals. The relative weight to be given to the quality and cost is determined for each case, depending on the nature of the assignment. Among the proposals which are responsive to the requirements of the request for proposals document and are technically qualified, the proposal with the highest combined (quality and cost) score shall then be considered the most advantageous proposal. For details see Annex XII, Selection Methods.

### B.4 FIXED BUDGET BASED SELECTION

- 8.9 Similar to QCBS, FBS is a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. The cost of services is specified as a fixed budget in the request for proposals document that shall not be exceeded. FBS is appropriate when:
- a) the type of consulting services required is simple and can be precisely defined;
  - b) the budget is reasonably estimated and set; and
  - c) the budget is sufficient for the firm to perform the assignment.

- 8.10 The request for proposals document shall specify the available budget that shall not be exceeded and the minimum score for the technical proposals. The proposal with the highest technical score that meets the fixed budget requirement is considered the most advantageous proposal. For details see Annex XII, Selection Methods.

### B.5 LEAST COST BASED SELECTION

- 8.11 Similar to QCBS, LCS is a competitive process among short listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firms. LCS is generally appropriate for assignments of a standard or routine nature (such as audits and engineering designs of noncomplex works) where well established practices and standards exist.
- 8.12 The request for proposals document shall specify the minimum score for the technical proposals. Among the proposals that score higher than the minimum technical score, the proposal with the lowest evaluated cost shall be considered the most advantageous proposal. For details see Annex XII, Selection Methods.

### B.6 QUALITY BASED SELECTION

- 8.13 Under QBS, the proposal quality is evaluated without using cost as an evaluation criterion. If the RFP requests both technical and financial proposals, the financial proposal of only the highest technically qualified firm is opened, and evaluated to determine the most advantageous proposal. If, however, the request for proposals document request only the technical proposals, the firm with the highest-ranked technical proposal is invited to submit its financial proposals for negotiations.

## World Bank Procurement Regulations for Borrowers

- 8.14 QBS is appropriate for the following types of assignments:
- a) complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the firm, and for which the Borrower expects the firm to demonstrate innovation in their proposals;
  - b) assignments that have a high downstream impact;
  - c) assignments that can be carried out in substantially different ways, such that proposals will not be comparable.
- 8.15 For details see Annex XII, Selection Methods.

### B.7 CONSULTANT'S QUALIFICATION BASED SELECTION

- 8.16 In CQS, the Borrower requests firms to submit their EoI in response to the Borrower's REoI (to which a TOR shall be attached), requesting information about the firm's experience and qualifications. Out of the firms that have submitted their EoI, the Borrower selects the consulting firm with the best qualification and relevant experience shall be invited to submit technical and financial proposals for negotiations. Advertisement of REoIs is not mandatory.
- 8.17 CQS is appropriate for small assignments or emergency situations where preparing and evaluating competitive proposals is not justified.

### B.8 DIRECT SELECTION

- 8.18 Proportional, fit-for-purpose and VfM considerations may require a direct selection (single-source or sole-source selection) approach: that is approaching and negotiating with only one firm. This selection method may be appropriate under circumstances where there is only one suitable firm or there is justification to use a preferred firm.
- 8.19 Direct selection may be appropriate under the following circumstances:
- a) Single-source:
    - i. An existing contract for consultant services, not originally financed by the Bank but awarded in accordance with procedures acceptable to the Bank, may be extended for additional consulting services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable; or
    - ii. for tasks that represent a natural continuation of previous work carried out by a consultant where continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment; or
    - iii. there is a justifiable requirement to re-engage a firm that has previously completed a contract with the Borrower to perform a similar type of consulting services. The justification shall show satisfactory performance of the firm in the previous contract, that no advantage may be obtained by competition, and that the prices are reasonable; or

## World Bank Procurement Regulations for Borrowers

- iv. the procurement is both very low-value and low-risk as agreed in the Procurement Plan; or
    - v. In exceptional cases, for example, in response to natural disasters and emergency situations;
  - b) Sole-source:
    - i. When only one firm is qualified or has experience of exceptional worth for the assignment; or
    - ii. When the consulting services provided in the Borrower's country by a SOE, university or research center of the Borrower's country are of a unique and exceptional nature because of the absence of suitable private sector alternatives, or as a consequence of the regulatory framework, or because its participation is critical to project implementation.
- 8.20 In all instances of direct selection, the Borrower shall ensure fairness and equity, and shall have in place procedures to ensure that:
- a) the prices are reasonable and consistent with the market rates of a similar nature; and
  - b) the required consulting services are not split into smaller size procurement in order to avoid competitive processes.

### C. MARKET APPROACH OPTIONS

#### C.1 OPEN COMPETITION

- 8.21 A competitive open approach to market provides all eligible prospective firms or individual consultants with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to provide the required consulting services. Open, competitive procurement approaches, including the advertisement for expression of interest is the preferred approach for Bank-financed selection of consultants.

#### C.2 LIMITED COMPETITION

- 8.22 Limited competition is competitive selection where the Borrower may prepare a shortlist without advertisement. It may be appropriate where (a) there are only a limited number of qualified consultants that can carry out the subject assignment, or (b) other justifiable exceptional reasons. Borrowers shall seek expressions of interest from a list of potential consultants broad enough to ensure adequate competition.

#### C.3 INTERNATIONAL COMPETITION

- 8.23 Open international competitive procurement/selection market approach, whose requirement includes mandatory international advertisement in accordance with the Procurement Regulations, is used when the participation of foreign firms is most likely to achieve the best fit-for-purpose and VfM.

# World Bank Procurement Regulations for Borrowers

## C.4 NATIONAL COMPETITION

- 8.24 As agreed in the Procurement Plan, national selection through advertisement in the national media/press may be used when the nature, scope and/or value of the consulting services is unlikely to attract foreign competition and there are adequate qualified national consultants to carry out the assignments. If foreign consultants wish to participate in national selection, they are allowed to do so.

## D. PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS

### D.1 COMMERCIAL PRACTICES

- 8.25 The same provisions apply as those for goods, works and non-consulting services in paragraph 7.43, Section VII. of these Procurement Regulations.

### D.2 UN AGENCIES

- 8.26 The same provisions apply as those for goods, works and non-consulting services in paragraph 7.44-7.47, Section VII. of these Procurement Regulations. In addition, UN agencies may be directly selected by Borrowers when they are uniquely or exceptionally qualified to provide technical assistance and advice in their area of expertise.

### D.3 NON-PROFIT ORGANIZATIONS

- 8.27 Not for profit organizations such as NGOs may be uniquely qualified to assist in the preparation, management, and implementation of projects, because of their involvement in and knowledge of local issues, community needs, and/or participatory approaches.
- 8.28 Not for Profit Organizations such as NGOs may be included in the short list if they express interest and provided that the Borrower and the Bank are satisfied with their qualifications. For assignments that emphasize participation and considerable local knowledge, the short list may entirely comprise NGOs. If so, an appropriate selection method (QCBS, FBS, LCS, or CQS), based on the nature, complexity, and size of the assignment, shall be followed, and the evaluation criteria shall reflect the unique qualifications of NGOs, such as local knowledge, scale of operation, and prior relevant experience. Borrowers may also select the NGO on a single-source basis, provided the criteria outlined in Direct Selection of Consulting Firms above are fulfilled.

### D.4 BANKS

- 8.29 Borrowers shall use QCBS to select investment and commercial banks, financial firms, and fund managers hired for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatization operations. In addition to the conventional remuneration (called a “retainer fee”), the compensation includes a “success fee”; this fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The request for proposals document shall indicate whether the financial evaluation will take into account the success fee, either in combination with the retainer fee or alone.



# World Bank Procurement Regulations for Borrowers

## D.5 PROCUREMENT AGENTS

- 8.30 When a Borrower lacks the necessary organization, resources, or experience, it may be efficient and effective for it to employ, as its agent, a firm that specializes in handling procurement. Procurement agents may be selected using QCBS or LCS. The Procurement Agent shall conduct the procurement on behalf of the Borrower following all the procurement arrangements outlined in the Legal Agreement and Procurement Plan.

## E. PROJECT IMPLEMENTATION SUPPORT PERSONNEL

- 8.31 Project implementation staff, individuals contracted by the Borrower to support project implementation, other than key positions identified in the Legal Agreement, may be selected by the Borrower according to its personnel hiring procedures for such activities, as reviewed and found acceptable by the Bank.

## F. SERVICE DELIVERY CONTRACTORS

- 8.32 Projects may involve hiring individuals who deliver non-consulting services on a contract basis. Their selection may be carried out according to the Borrower's personnel hiring procedures, as reviewed and found acceptable by the Bank.

## G. PARTICULAR TYPE OF CONTRACTUAL ARRANGEMENT

### G.1 FRAMEWORK AGREEMENTS

- 8.33 A Framework Agreement (FA) is a long-term agreement established with firms or individual consultants (panel of consultants), as and when required over a specified period of time. The agreement sets out terms and conditions under which specific consulting services (call-offs – directly or competitively) can be provided throughout the term of the agreement. FAs may be appropriate for recurring selection of consulting services or to consolidate requirements when different entities of the Borrower procure the same type of consulting services. For details see Annex XV, Framework Agreements.

## H. APPROVED SELECTION METHODS FOR INDIVIDUAL CONSULTANTS

- 8.34 Individual consultants are selected for an assignment for which (i) a team of experts is not required, (ii) no additional home office professional support is required, and (iii) the experience and qualifications of the individual are of paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm. When qualified individual consultants are unavailable or cannot sign a contract directly with a Borrower because of a prior agreement with a firm, the Borrower may invite firms to provide qualified individual consultants for the assignment.

# World Bank Procurement Regulations for Borrowers

## H1. OPEN COMPETITIVE SELECTION OF INDIVIDUAL CONSULTANTS

- 8.35 Advertisement for REoI is encouraged, particularly when the Borrower does not have knowledge of experienced and qualified individuals or of their availability, the services are complex, there is potential benefit from wider advertising, or if advertising is mandatory under national law.
- 8.36 Individual consultants shall be selected from those that expressed interest in response to an REoI. REoIs shall include complete TORs. The evaluation shall be based on the relevant qualifications and experience of the individual consultant.

## H2. LIMITED COMPETITIVE SELECTION OF INDIVIDUAL CONSULTANTS

- 8.37 When the Borrower has knowledge of experienced and qualified individuals and their availability, instead of issuing an REoI, the Borrower may invite those individual consultants that it deems are qualified to provide the consulting services required. The complete TOR shall be sent with the invitation. Individual consultants shall be selected from those that expressed interest in response to the invitation. The evaluation shall be based on the relevant qualifications and experience of the individual consultant.

## H3. DIRECT SELECTION OF INDIVIDUAL CONSULTANTS

- 8.38 Individual consultants may be selected on a single-source or sole-source basis with due justification.
- a) Single-source (a preferred individual consultant among several)
    - i. tasks that are a continuation of previous work that the individual consultant has carried out and was selected competitively;
    - ii. assignments with a total expected duration of less than six months; and
    - iii. urgent situations;
  - b) Sole-source: when the individual is the only consultant qualified for the assignment.

## Annex I Value for Money

### 1. PURPOSE

- 1.1 The purpose of this annex is to describe the requirements necessary to achieve VfM in the evaluation of bids/proposals in IPF operations.

### 2. OVERVIEW

- 2.1 In order to achieve VfM successfully, it shall be considered at all stages of the Procurement Process.
- 2.2 VfM means the effective, efficient, and economic use of resources, which requires the 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.
- 2.3 VfM is achieved through the application of:
- a) a clear statement of needs and procurement objectives in the Project Procurement Strategy for Development (PPSD), as appropriate, and in the Procurement Plan;
  - b) a procurement approach that is proportional to the risk, value, context and strategic importance of the procurement, i.e., the process is fit-for-purpose;
  - c) specification of the requirements and of the cost and non-cost elements that will be evaluated, including on a life cycle basis where appropriate.
  - d) selection of a contractual form that is appropriate for the objectives;
  - e) clear evaluation criteria that are aligned with the needs and objectives;
  - f) selection of the firm that best meets the needs and objectives; and
  - g) the development of effective contract management to assure a successful implementation of the contract and ensure that the deliverables are met as agreed in the contract.

### Planning

- 2.4 Optimal design of the Procurement Process is the critical first step to obtaining VfM through deciding how to spend allocated funding to yield the most value.
- 2.5 The use of life cycle costing and not simply the initial capital cost will likely contribute significantly to achieving VfM, particularly when the operational costs are significant.
- 2.6 The PPCSD with its associated Procurement Plan(s) and the Activity Procurement Strategy as appropriate, will be used to state the needs and objectives and identify how VfM will be achieved through the Procurement Process.

# World Bank Procurement Regulations for Borrowers

## Approaching the Market

- 2.7 To achieve VfM there shall be a clear and focused approach to market to deliver the procurement objectives, with the following elements:
- a) Selection Methods - Selection methods and arrangements that are more likely to attract adequate response from the market;
  - b) Specifications - requirements based on detailed technical specifications or performance/functional requirements, as appropriate;
  - c) Standards – as per paragraph 6.4, Section VI. of these Procurement Regulations.
  - d) Contract Type – Best suited for the specific procurement. For details see Annex VIII, Contract Type.
- 2.8 The recommended approach to market shall be justified in terms of proportionality, value, complexity and risk of the procurement. For details see Annex V, Project Procurement Strategy for Development.
- 2.9 The evaluation criteria shall be designed to enable the Borrower to achieve best VfM in IPF operations and shall be informed by the PPSD and the Activity Level Procurement Strategy, as appropriate and specified in the bidding/request for proposals document. For details see Annex X, Evaluation Criteria.

## Contract Management

- 2.10 The Borrower shall determine the appropriate contract type and contract terms taking into account the nature, risk and complexity of the activity, fit-for-purpose considerations, optimal allocation of risk, liabilities, roles and responsibilities of the contracting parties.
- 2.11 To effectively manage a contract, the Borrower shall develop a Contract Management Plan with key performance indicators and milestone events. The Borrower shall monitor the performance and progress of contracts, in accordance with the Contract Management Plan, and provide timely reports to the Bank. The Bank may use the information gathered to benchmark the performance. For details see Annex XI, Contract Management.

## Annex II Procurement Oversight

### 1. PURPOSE

- 1.1 The purpose of this annex is to outline the Bank's procurement oversight function in discharging its fiduciary responsibilities required by its Articles of Agreement.

### 2. REQUIREMENTS

- 2.1 The Bank shall exercise its procurement oversight through a risk-based approach comprising prior and post reviews, independent procurement reviews, and third-party assurance, as appropriate.
- 2.2 Procurement oversight for Alternative Procurement Arrangements (APA) are those agreed in the respective Legal Agreement.

#### Procurement Prior Review

- 2.3 The Bank sets mandatory thresholds for prior review based on project procurement risk level. As an exception, an activity/contract below the applicable mandatory thresholds shall be subject to prior review if the Bank determines that the activity/contract has risks such as the following:
- a) complex procurement, such as where an innovative solution is required or where the scope of the procurement is uncertain and not easily quantifiable;
  - b) high downstream impact, such as critical consulting services on matters that have significant consequences for the project;
  - c) procurement arrangements which by their nature have inherent risk, such as procurement that includes the use of negotiations, BAFO, Competitive Dialogue and the application of sustainable procurement;
  - d) situations where the Borrower has been assessed to have low capacity, such as in FCS environments, to carry out the subject procurement.
- 2.4 If the assessed procurement level risk is low or moderate, the Bank may determine that procurement above the applicable thresholds shall be subject to post review using Bank's Standard Bidding/Request for Proposals Document, and as such included in the Procurement Plan.

#### Procurement Post Review

- 2.5 The Bank carries out post reviews of Procurement Processes undertaken by the Borrower to determine whether they comply with the requirements of the Legal Agreement. The Bank may use a third party such as a supreme audit institution, acceptable to the Bank, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the TOR provided to it by the Bank.

## World Bank Procurement Regulations for Borrowers

- 2.6 The purpose of procurement post reviews include but not limited to:
- a) verify that the procurement procedures followed by the Borrower are compliant with the Legal Agreement;
  - b) confirm that the Borrower continues to be in compliance with the agreed procurement arrangements, including timely and effective implementation of the agreed risk mitigation/management plan;
  - c) the continued adherence to the contract including technical compliance;
  - d) note Fraud and Corruption red flags and report any evidence to INT;
  - e) identify mitigating measures or actions to correct procurement deficiencies and recommend them to the Borrower.

### Independent Procurement Reviews

- 2.7 Independent procurement reviews, performed by independent third parties appointed by the Bank, are carried out when the Bank determines the need for such a review based on its assessment of risk.

### Third-Party Assurance

- 2.8 As agreed with the Borrower, the Bank may supplement its own oversight of a procurement process with the use of independent third party assurance providers. Third party assurance may include probity assurance providers present during firms' engagements/discussions, bid/proposal opening, negotiations (if agreed by the Bank), contract award decisions, and/or contract execution.
- 2.9 For innovative, complex, high risk procurement, or procurement that demands intensive Borrower provider engagement such as competitive dialogue, the Bank may require the use of third-party assurance service to provide concurrent probity assurance during the procurement process. For example, by having probity assurance providers monitor the procurement process from bid/proposal opening through contract award and execution of the contract, communicating their findings to the Bank and the Borrower.

### Project Procurement Strategy for Development and Procurement Plan

- 2.10 Project Procurement Strategy for Development (PPSD) and Procurement Plan are required to be prepared by the Borrower, as part of the project preparation process, to be reviewed and agreed to before completion of loan negotiations with the Bank. Any updates of the Procurement Plan, including as a result of the Activity Procurement Strategy, shall be submitted to the Bank for its review and approval.

### Documents for Prior Review

- 2.11 For procurement that has been determined to be subject to prior review, the following documents shall be submitted by the Borrower for Bank's prior review and no objection:
- a) The GPN and SPN, as appropriate;

## World Bank Procurement Regulations for Borrowers

- b) In cases where prequalification is used, invitation to prequalify, the prequalification document, and the prequalification evaluation report. For consulting services, request for expressions of interest including the complete TOR, and the shortlist assessment report;
  - c) The bidding/request for proposals document such as request of bids, requests for proposals, and any amendments thereof;
  - d) The first request by the Borrower to bidders to extend the bid/proposal validity period, if it is longer than four (4) weeks, and all subsequent requests for extension, irrespective of the period;
  - e) The bid/proposal evaluation report and recommendations for contract award, including documents demonstrating that any procurement complaints have been addressed to the satisfaction of the Bank. In case of a two envelope or multistage selection processes, the Borrower shall submit the bid/proposal evaluation report for each envelope/stage for the Bank's prior review and no objection before proceeding to the next stage of the procurement process or opening the price envelope;
  - f) All requests for cancellation of a procurement process and/or rebidding/re-invitation of proposals;
  - g) If after Bank's prior review and no objection, if as result of analysis of a complaint the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for its no objection;
  - h) If the procurement process involves negotiations between the Borrower and bidder/consultant, the minutes of negotiations and the draft contract initialed by both parties;
  - i) One conformed copy of the contract, and of the advance payment security and the performance security if they were requested, shall be furnished to the Bank promptly after its signing and prior to the making of the first payment;
  - j) The terms and conditions of a contract shall not, without the Bank's prior review and no objection, materially differ from those on which bids were requested or prequalification, if any, was invited;
  - k) If requested by the Bank, the Contract Management Plan, including the Key Performance Indicators (KPIs) that have been finalized and as further requested by the Bank on-going reports of progress based on the KPIs agreed.
- 2.12 If a procurement subject to post review fails twice to result in the award of a contract, the Borrower shall submit any further rebidding/re-inviting proposals together with an analysis and recommendation for the Bank's prior review.

### Retaining Documents for Contracts subject to Prior Review

- 2.13 The Borrower shall retain all documentation with respect to each procurement as per the requirements of the Legal Agreement. This documentation shall include, but not limited to:
- a) the signed original of each contract and all subsequent amendments or addenda;



## World Bank Procurement Regulations for Borrowers

- b) original bids/proposals, all documents and correspondences related to the procurement and implementation of the contract, including those in support of the evaluation of bids/proposals, and the recommendation for award made to the Bank and
  - c) the payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of goods, works, and non-consulting services.
- 2.14 For contracts awarded on the basis of direct procurement, the documentation shall include justifications for using the method, the technical and financial capacity of the firm, and the signed original of the contract. The Borrower shall furnish such documentation to the Bank upon request for examination by the Bank or by its consultants/auditors.

### Retaining Documents for Contracts subject to Post Review

- 2.15 The Borrower shall retain all documentation with respect to each contract subject to post review, as per the requirements of the Legal Agreement. This documentation shall include, but not limited to:
- a) the signed original of the contract and all subsequent amendments or addenda,
  - b) the bids/proposals evaluation report, and the recommendation for award; and
  - c) the payment invoices or certificates, as well as the certificates for inspection, delivery, completion and acceptance of goods, works, and non-consulting services, for examination by the Bank or by its consultants/auditors. The Borrower shall also furnish such documentation to the Bank upon request.

### Modifications of the Signed Contract

- 2.16 In the case of contracts subject to prior review, the Borrower shall seek the Bank's no objection before agreeing to:
- a) an extension of the stipulated time for performance of a contract that either:
    - i. increases the contract price; or
    - ii. has an impact on the planned completion of the project
  - b) any substantial modification of the scope of works, goods, non-consulting services or consulting services, other significant changes to the terms and conditions of the contract;
  - c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increase the original contract amount by more than 15% (fifteen percent); or
  - d) the proposed termination of the contract,
- 2.17 If the Bank determines that the Borrower's requests, as above, would be inconsistent with the provisions of the Legal Agreement and/or Procurement Plan, it shall inform the Borrower and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to the Bank for its record.

## World Bank Procurement Regulations for Borrowers

### Due Diligence concerning the Bank's Sanctions Policies and Procedures

- 2.18 When conducting the evaluation of bids, the Borrower shall check the eligibility of Bidders/Consultants from the lists of firms and individuals debarred and suspended by the Bank that are posted on the Bank's external website. The Borrower shall apply additional due diligence by closely supervising and monitoring any on-going contract (whether under prior or post review) executed by a firm or individual which has been sanctioned by the Bank after such contract was signed. The Borrower shall neither sign any new contracts nor sign an amendment, including any extension of time for completion or a change or variation order, to an on-going contract with a suspended or debarred firm or individual after the effective date of the suspension or debarment without the Bank's prior review and no objection. The Bank will only finance additional expenditures if they were incurred before the completion date of the original contract or the completion date as revised (a) for prior review contracts, in an amendment to which the Bank has given its no objection, and (b) for post review contracts, in an amendment signed before the effective date of suspension or debarment. The Bank will not finance any new contract, or any amendment or addendum introducing a material modification to any existing contract that was signed with a suspended or debarred firm or individual on or after the effective date of suspension or debarment.

WORKING DRAFT

## Annex III Procurement Related Complaints

### 1. PURPOSE

- 1.1 This annex details the Borrower's procedures for administration and handling of procurement-related complaints. To promote an open, fair, and transparent procurement process, the Borrower shall seek to resolve complaints in a timely and objective manner and in accordance with the procedures set forth in the Procurement Regulations and this annex.

### 2. REQUIREMENTS

- 2.1 Complaints may be brought to the Borrower and/or the Bank at any time and about any aspect of the selection process. These should be distinguished from the communications relating to the contract execution. Such contract-related communications are governed by the contract entered into between the contractor/consultant and the Borrower, to which the Bank is not a party. They may be brought to the attention of the Bank, who will seek to facilitate a resolution between the parties to the contract.
- 2.2 Complaints relating to suspected Fraud and Corruption shall be immediately reported to the Bank's Integrity Vice Presidency, INT, regardless of whether the complaint is related to a procurement activity subject to prior or to post review.
- 2.3 Complaints shall be submitted in writing. The Borrower shall consider each complaint so submitted. The Borrower shall acknowledge in writing the receipt of the complaint within three days. In addition, the Borrower shall inform the Bank about the receipt of the complaint without delay, regardless of whether the complaint is related to a procurement activity subject to prior or to post review. Anonymous complaints will be considered and handled on their own merit.

#### Process for review of complaints

- 2.4 The manner in which a Borrower shall handle a complaint depends on the nature of the complaint and the stage of the selection process at which the complaint is brought. For prior review contracts, the following process applies:
  - a) *Prior to the deadline for bid/proposal submission.* If a complaint is received by the Borrower prior to the deadline for the submission of bids/proposals, besides acknowledging the receipt, the Borrower shall take any actions its review determines appropriate, such as amending the bidding/request for proposals document. Simultaneously, the Borrower shall inform the Bank and provide all the relevant information and documentation, including a draft response to the complaint, for the Bank's review. If the complaint results in a modification of the bidding/request for proposals document, the Borrower shall issue an addendum, and if necessary, extend the bid/proposal submission deadline. However, the Borrower is not required

## World Bank Procurement Regulations for Borrowers

to entertain a complaint which has been received later than ten days before the bid submission deadline.

- b) *After the deadline for bid/proposal submission, and before the notification of intention to award.* The complaint will be examined by the Borrower, in consultation with the Bank. However, the Borrower shall only respond to the substance of the complaint within three days after the commencement of the standstill period. The Bank's prior review will not be completed until the complaint is fully examined and considered.
- c) *After notification of intention to award and within the standstill period.* A bidder/consultant who wishes to ascertain the grounds on which its bid/proposal was not selected, should address its request in writing to the Borrower. The Borrower shall take prompt and appropriate action including reviewing the complaint, and preparing a response in writing. Simultaneously, the Borrower shall inform the Bank and provide all the relevant information and documentation, including a draft response to the complaint, for the Bank's review.

- 2.5 In the case of consulting services, as applicable to the selection method, complaints from consultants who did not pass the minimum technical score or whose technical proposal was determined non-responsive, shall be considered promptly by the Borrower, and financial proposals shall not be opened earlier than ten days from the day following the notification of the technical evaluation results to all consultants who submitted proposals, nor without receiving from the World Bank the confirmation of satisfactory resolution of complaints, if any, received by the end of this ten-day period. If the Borrower's review of a complaint results in any change to the technical evaluation report, the reasons for such decision and a revised technical evaluation report shall be submitted to the World Bank for no objection.
- 2.6 If as a result of the review of a complaint the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for no objection, and in any case shall not proceed with awarding a contract without receiving from the Bank the confirmation of satisfactory resolution of complaints.
- 2.7 In the case of procurement activities not subject to prior review by the Bank, the complaint shall be handled by the Borrower, as appropriate. The Borrower shall inform the Bank about the actions taken regarding the complaint. In addition, the Borrower shall provide to the Bank all relevant documentation, as requested.

### Roles and Responsibilities of the Borrower

- 2.8 The Borrower's responsibilities with respect to complaints include:
  - a) Provide timely and sufficient information to bidders to enable meaningful complaints;
  - b) Acknowledge the receipt of the complaints, and undertake a prompt review of complaints;
  - c) Treat complaints fairly by providing timely information to prevent and resolve issues;

## World Bank Procurement Regulations for Borrowers

- d) Preserve the confidentiality of commercial and financial information and trade secrets;
- e) Ensure that complaints are handled in an independent and impartial manner;
- f) Maintain complete records of all complaints and their resolution; and
- g) Inform the Bank on time of any complaint submitted, and furnish all relevant information as requested.

### Roles and Responsibilities of the Bidder/Consultant

- 2.9 The bidder/consultant's responsibilities with respect to complaints include:
- a) review carefully the provisions of the bidding/request for proposals document governing the procurement process, so as to understand the technical, commercial or contractual conditions;
  - b) ensure the complaints are as specific as possible to the substance of the selection process;
  - c) act with integrity when participating in a Procurement Process for Bank-financed projects; and
  - d) submit complaints in a timely manner when they arise.

### Roles and Responsibilities of Bank

- 2.10 The Bank requires Borrowers to promptly and adequately address the complaints received during the selection process, and to promptly notify the Bank of the same. Failure by a Borrower to comply with the above requirements may result in appropriate actions by the Bank, including misprocurement and letter of reprimand, consistent with the terms and conditions of the legal agreement and the Bank's implementation support and monitoring role.
- 2.11 Whenever a complaint is addressed to the Bank, the Bank will promptly forward it to the Borrower for review and action. Communications related to suspected Fraud and Corruption shall be reported to the Bank's Integrity Vice Presidency (INT).
- 2.12 Except for acknowledging the receipt of the complaint, the Bank will not enter into discussion or communication with any bidder or consultant during the evaluation and review process of the procurement, until the publication of contract award.

### Requisites of a Complaint

- 2.13 To ensure a timely and expeditious review all complaints should at minimum:
- a) be in writing. Verbal complaints shall be considered when subsequently put in writing.
  - b) Include the following information:
    - i. name, contact details and address of the complainant;

## World Bank Procurement Regulations for Borrowers

- ii. background information identifying the project, the stage of the procurement process and the relevant information/documentation, if any;
- iii. brief summary of the issues, and
- iv. outline of any previous communication with the Borrower or the Bank on the subject, if any.

### Communications relating to contract execution.

- 2.14 The Bank is not a party to a contract signed between the bidder/consultant and the Borrower. Therefore, any contractual dispute between the parties shall be addressed as per the provisions of the signed contract. However, if a dispute over a signed contract arises, the Bank's interest in having the project/program completed promptly and satisfactorily calls for prompt settlement of the dispute. In this respect, the Borrower should promptly inform the Bank of any controversy arising between the parties during contract execution that could trigger the use of a dispute resolution mechanism established under the contract, regardless of whether the procurement activity is subject to prior or post review. The Borrower shall communicate to the Bank its proposed actions on how to resolve any pending contractual dispute in a timely manner.



## World Bank Procurement Regulations for Borrowers

**Table 1. - Business Standards for Procurement subject to Prior Review**

Process step	Description	Before bid/proposal submission deadline	After bid/proposal submission deadline and before notification of intention to award	After notification of intention to award	After notification of results of technical evaluation report and before opening of financial proposals (for Consulting Services only)
<b>Borrower or Bank, as is the case, acknowledgment of Complaint</b>	Acknowledge all complaints, in writing	Within three days from the date of receipt of the complaint	Within three days from the date of receipt of the complaint	Within three days from the date of receipt of the complaint	Within three days from the date of receipt of the complaint
<b>Bank forward complaint to the Borrower, if complaint is submitted only to the Bank</b>		Within three days from the date of receipt of the complaint	Within three days from the date of receipt of the complaint	Within three days from the date of receipt of the complaint	Within three days from the date of receipt of the complaint
<b>Borrower responds to complainant and copy the Bank</b>		As early as possible, but in any event not later than ten days from the receipt of complaint, or seven days before the deadline for submission of bids/proposals, whichever is earlier	Within three days from the commencement of the standstill period	As early as possible, but in any event not more than thirty days from the day of receipt of complaint	Within fifteen days from the date of receipt of complaint

\*days in Table 1. above refers to Business Days

## World Bank Procurement Regulations for Borrowers

### All complaints should be addressed to:

1. The project implementing agency of the Borrower in the first instance.
2. The Task Team Leader of the respective operation.
3. Bank Headquarters:
  - a) The Bank  
818 H Street, NW  
Washington DC 204433, USA; or
  - b) The Bank - (Input Respective Country Office Address)
  - c) Complaints relating to suspected Fraud and Corruption should be reported to the Bank Integrity Vice Presidency (INT)
    - i. by email: [investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org);
    - ii. through the Bank website;
    - iii. through the 24-hour hotline operated by a third party: toll free +1-800-831-0463, collect calls +1-704-556-7046 (interpreters are available, anonymous calls accepted); or
    - iv. by contacting INT at the Bank's Headquarter office in Washington D.C.: +1-202-458-7677.

## Annex IV Fraud and Corruption

### 1. PURPOSE

- 1.1 The Bank's Anti-Corruption Guidelines and this annex apply with respect to the Procurement Process in Bank Investment Project Financing operations.

### 2. REQUIREMENTS

- 2.1 The Bank requires that all parties involved in the Procurement Process, including without limitation, Borrowers and sub-Borrowers (and other beneficiaries of Bank financing); bidders, consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the Procurement Process of Bank-financed contracts, and refrain from Fraud and Corruption. In pursuance of this policy, the Bank:
- a) Defines, for the purposes of this provision, the terms set forth below as follows:
    - i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
    - ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
    - iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
    - iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
    - v. "obstructive practice" is:
      - a. deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
      - b. acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.1(e) below.
  - b) Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its sub-contractors, sub-consultants, service providers, or suppliers, any of its or their agents (whether declared or not), or any

## World Bank Procurement Regulations for Borrowers

personnel of any of the above has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

- c) In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the Legal Agreement engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the Procurement Process, and the Borrower did not take timely and appropriate action satisfactory to the Bank to address such practices when they occurred, including informing the Bank in a timely manner at the time the Borrower knew of the practices;
- d) Sanctions a firm or individual, at any time, in accordance with prevailing World Bank Group sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to participate in a Procurement Process, including, without limitation, competing for or being awarded a Bank-financed contract; and being a sub-contractor, sub-consultant, service provider, or supplier of an otherwise eligible firm or individual that has been selected for award or is executing a Bank-financed contract; and (ii) to otherwise benefit from a Bank-financed contract. Such ineligibility may be declared upon: (i) completion of World Bank Group sanctions proceedings as per its prevailing sanctions procedures; (ii) cross-debarment as agreed with other international financial institutions (including multilateral development banks); (iii) through the application of a World Bank Group finding of non-responsibility on the basis of fraud and corruption in connection with World Bank Group corporate procurement; or (iv) as a result of temporary suspension or early temporary suspension in connection with an ongoing World Bank Group sanctions proceeding. For avoidance of doubt, the foregoing effects of ineligibility do not extend to a sanctioned firm's or individual's performance of its ongoing Bank-financed contracts (or its ongoing sub-agreements under such contracts) that are not the subject of a material modification, as determined by the Bank;
- e) Requires that (i) bidders, consultants, contractors, suppliers, sub-contractors, sub-consultants, service providers, suppliers and agents (whether declared or not), and their respective personnel, permit the Bank to inspect all accounts, records and other documents relating to the Procurement Process of Bank-financed contracts, and to have them audited by auditors appointed by the Bank; and (ii) subject to paragraph 2.1(f), Borrowers include in bidding/request for proposals document and contracts financed by the Bank a clause to that effect. Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information;

## World Bank Procurement Regulations for Borrowers

- f) Requires that, for Bank-financed operations to be implemented through Alternative Procurement Arrangements (APAs) and/or when utilizing national procurement arrangements, as well as PPPs, agreed by the Bank, bidders and consultants submitting bids/proposals be required to present, at the time of bidding, a signed acceptance, to be incorporated in any resulting contract, confirming application of the Anti-Corruption Guidelines, including the Bank's right to sanction as set forth in paragraph 2.1(d), and the Bank's inspection and audit rights as set forth in paragraph 2.1(e). Borrowers shall consult and apply the World Bank Group's lists of firms and individuals suspended or debarred. In the event a Borrower signs a contract with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and applies other remedies as appropriate; and
- g) Requires that, when a Borrower selects a United Nations (UN) agency to provide goods, works, non-consulting services and technical assistance services in accordance with paragraphs 7.44-7.47 and 8.26 of the Procurement Regulations under an agreement signed between the Borrower and the UN agency, the above provisions of paragraph 2.1 of this annex regarding sanctions on Fraud and Corruption shall apply in their entirety to all contractors, consultants, sub-contractors, sub-consultants, service providers, suppliers, and their employees, that signed contracts with the UN agency. As an exception to the foregoing, paragraphs 2.1(d) and 2.1(e) do not apply to the UN agency and its employees, and paragraph 2.1(e) does not apply to the contracts between the UN agency and its service providers and suppliers. In such cases, the UN agency applies its own rules and regulations for investigating allegations of Fraud and Corruption, subject to such terms and conditions as the Bank and the UN agency may agree, including an obligation to periodically inform the Bank of the decisions and actions taken. The Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank Group's lists of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and applies other remedies as appropriate.

- 2.2 With the specific agreement of the Bank, a Borrower may introduce in to the bidding/request for proposals document for contracts financed by the Bank, a requirement that the bidder or consultant include in the bid or proposal an undertaking of the bidder or consultant to observe, in the Procurement Process, the country's laws against fraud and corruption (including bribery) as such laws have been identified in the bidding/request for proposals document<sup>3</sup>. The Bank will accept the introduction of such a requirement at the request of the Borrower, provided the arrangements governing the undertaking are satisfactory to the Bank.

<sup>3</sup> 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 observe the laws against fraud and corruption in force in the country of the [Borrower], as such laws have been indicated by the [Borrower] in the corresponding procurement documents for this contract."

WORKING DRAFT

### Annex V

### Project Procurement Strategy for Development

#### 1. PURPOSE

- 1.1 This annex sets out the detailed requirements for developing the Project Procurement Strategy for Development (PPSD) as required by the Procurement Regulations. The PPCS provides the basis and justification for procurement decisions including the approach to market and selection methods.

#### 2. REQUIREMENTS

- 2.1 The Borrower shall prepare for each project, a PPCS and the Procurement Plan. The Borrower shall also prepare an Activity Procurement Strategy for activities/contracts in a project that are considered high risk for one or more of the following reasons: (a) complexity, (b) criticality for the project, (c) lack of adequate market information.

##### The Project Procurement Strategy for Development

- 2.2 The PPCS and Procurement Plan are required to be prepared by the Borrower, as part of the project preparation process, to be reviewed and agreed to before completion of loan negotiations with the Bank. A summary of the PPCS shall be part of the Project Appraisal Document (PAD). Any updates of the Procurement Plan, including as a result of the Activity Procurement Strategy, shall be submitted to the Bank for its review and approval.
- 2.3 The level of detail and analysis in the PPCS shall be proportional to the risk, value and complexity of the project procurement.
- 2.4 The PPCS shall cover the following areas:
  - a) Identification of the specific project needs;
  - b) Assessment of the adequacy, behavior and capabilities of the market to respond to the procurement;
  - c) Assessment of the implementing agency's resources and previous experience in procuring these types of activities;
  - d) Justification of procurement decisions including an analysis of the strengths and weaknesses of the approach to market and selection methods for the delivery of the project development objectives; and
  - e) Justification of the proposed selection methods in terms of market analysis, risk and country context and the project's particular circumstances.



## World Bank Procurement Regulations for Borrowers

### 3. SPECIFIC ELEMENTS OF THE PROJECT PROCUREMENT STRATEGY FOR DEVELOPMENT

- 3.1 The PPSD shall include the strategic assessment, operational context, market research, risk management, procurement arrangements, and contract management. The PPSD shall provide the basis for the Borrower to prepare the Procurement Plan and Contract Management Plan. See PPSD Template at the end of this annex.

#### Strategic Assessment

- 3.2 The following elements shall be included:
- a) development objectives for the project;
  - b) required outcomes;
  - c) performance measures;
  - d) implementing agency capacity and resources; and
  - e) project risks.

#### Operational Context

- 3.3 The strategic approach shall take into account the operational context of the procurement and the factors that may affect the achievement of the procurement objectives.
- 3.4 The PPSD shall analyze and take into considerations the operational context. Such as the following:
- a) governance aspects: fragile or conflict affected situation, state involvement in the economy, legislative processes and legal framework;
  - b) economic aspects: small economy, inflation, domestic preference, and exchange rate volatility;
  - c) sustainability aspects: disaster or emergency situation, sustainability requirements; and
  - d) technological aspects: availability of informational technology, information transfer and security; internet access and restrictions; cell phone access and coverage.

#### Market Research

- 3.5 The purpose of market research is to develop a thorough understanding of the relevant sectors and potential bidders/consultants that the procurement will interface with; how the market works and how this may impact the approach to the market and methods used to procure.
- 3.6 The market research analysis should assess issues that affect the risks and VfM of the project. The market research analysis shall be consolidated into a list of conclusions and implications for the project's proposed approach to market.

# World Bank Procurement Regulations for Borrowers

## Risk Management

- 3.7 The Risk Management Plan will be informed by the analysis in each of the steps of the PPSD, and shall comprise of all major risks related to the operating environment, market conditions, implementing agency capability and provider capability.
- 3.8 The Borrower shall ensure that risk assessments are relevant to the specific project. The probability and criticality of each risk should be assessed, and a risk mitigation plan developed and maintained during the life of the project. Procurement risks and opportunities identified shall be managed through the procurement process including through procurement design, technical specifications, contractual terms and conditions, evaluation criteria and contract management.

## Procurement Arrangements

- 3.9 The Borrower shall include the following elements:
  - a) Approach to market, selection methods, and contracting strategy (contract packaging, types of contracts, key contractual provisions, key delivery and payment milestones) including the justification for each decision;
  - b) Outline of the key specifications - The specifications could be either detailed or performance oriented (functional);
  - c) Quality requirements – Standards, quality assurance requirements, sustainable procurement requirements as appropriate;
  - d) Negotiations, Best and Final Offer (BAFO) – these options, if to be considered, shall only be used with the Bank's prior review.
- 3.10 The Procurement Plan shall be developed based on the findings and recommendations of the PPSD.

## Contract Management

- 3.11 A Contract Management Plan shall be required for each procurement financed by the Bank. The detailed requirements for the Contract Management Plan are set forth in Annex XI, Contract Management.

## 4. ACTIVITY PROCUREMENT STRATEGY

- 4.1 The Borrower shall prepare an Activity Procurement Strategy for contracts in a project that are considered high risk for one or more of the following reasons: (a) complexity, (b) criticality for the project, (c) lack of adequate market information.
- 4.2 The Borrower shall submit the Activity Procurement Strategy for Bank's review, prior to preparation of the bidding/request for proposals document.

# World Bank Procurement Regulations for Borrowers

## Project Procurement Strategy for Development Template

### Strategic Assessment

1. This PPSD relates to the procurement of [insert description of the Procurement Activities and their estimated value and risk].
2. The key objective of this procurement is [insert].
3. The proposed outcomes are [insert].
4. A detailed statement of requirements is contained [insert].
5. Details of the current procurement arrangement are [insert].
6. The capacity of the agency to implement the procurements needed for the project is [detail what resource is available and what additional resource may be required]
7. Overall the Project Procurement risk is [insert].

### Timelines

8. Procurement process timelines [insert weeks/months]

### Findings of Research and Analysis

#### a. Operational Context

9. The PPSD shall analyze and take into considerations the operational context. Such as the following:
  - a) governance aspects: fragile or conflict affected situation, state involvement in the economy, legislative processes and legal framework;
  - b) economic aspects: small economy, inflation, domestic preference; and exchange rate volatility;
  - c) sustainability aspects: disaster or emergency situation, sustainability requirements; and
  - d) technological aspects: availability of informational technology, information transfer and security; internet access and restrictions; cell phone access and coverage
10. In summary, the key operational contextual constraints are [outline constraints such as fragile and conflict affected situations, disaster/emergency and small states] The Strategies to address the operational contextual constraints include [insert].

# World Bank Procurement Regulations for Borrowers

## b. Market Analysis

*The level of detail included in this section shall be proportional to the risk, value and complexity of the project.*

11. The relevant market for the procurement activities are [insert]:
12. The level of competition is [insert].
13. The capability of the market to deliver our requirements is [insert]. Based on the Market analysis undertaken what are the implications for the procurement arrangements?

## Key Stakeholders

14. The key stakeholders and their key expectations are [insert].
15. The agency will communicate with key stakeholders by [insert method and timing].

## Risk Management

16. The Risk Management Plan shall include key procurement risks and their mitigation.

## Recommended Procurement Approach

*At a minimum the Borrower shall describe the target market, the chosen procurement arrangements with justification and the risk and value of the activities/contracts.*

17. The Borrower shall include the following elements:
  - a) Approach to market, selection methods, and contracting strategy (contract packaging, types of contracts, key contractual provisions, key delivery and payment milestones) including the justification for each decision;
  - b) Outline of the key specifications - The specifications could be either detailed or performance oriented (functional);
  - c) Quality requirements – Standards, quality assurance requirements, sustainable procurement requirements as appropriate;
  - d) Negotiations, BAFO– these options, if to be considered, shall only be used with the Bank's prior review

WORKING DRAFT

## Annex VI Domestic Preference

### 1. PURPOSE

- 1.1 This Annex sets the evaluation procedures for the use of domestic preference for works and domestically manufactured goods offered in an open international competitive procurement. It does not apply to national competitive procurement. The domestic preference for goods does not apply to industrial plants.

### 2. REQUIREMENTS

#### Domestic Preference for Goods

- 2.1 The Borrower may, with the agreement of the Bank, grant a margin of preference in the evaluation of bids/proposals in open international competitive procurement, offering certain goods manufactured in the country of the Borrower, when compared to bids/proposals offering such goods manufactured elsewhere. In such cases, the bidding/request for proposals document shall clearly indicate any preference to be granted to domestically manufactured goods and the information required to establish the eligibility of a bid/proposal for such preference. The nationality of the manufacturer or bidder shall not be a condition for such eligibility. The methods and stages set forth hereunder shall be followed in the evaluation and comparison of bids/proposals.
- 2.2 For comparison, responsive bids/proposals shall be classified in one of the following three groups:
- a) Group A: Bids/proposals exclusively offering goods manufactured in the country of the and the Bank for the purpose of meeting the domestic preference criteria that: (i) labor, raw material, and components, including domestic transportation and insurance, from within the country of the Borrower will account for 30% (thirty percent) or more of the EXW price of the product offered; and (ii) the production facility in which those goods will be manufactured or assembled has been engaged in manufacturing/assembling such goods at least since the time of bid/proposal submission;
  - b) Group B: All other bids/proposals offering goods manufactured in the country of the Borrower; and
  - c) Group C: Bids/proposals offering goods manufactured abroad that have been already imported or that will be directly imported.
- 2.3 The price quoted for goods in bids/proposals of Groups A and B shall include all duties and taxes paid or payable on the basic materials or components purchased in the domestic market or imported, but shall exclude the sales and similar taxes on the finished product. The price quoted for goods in bids/proposals of Group C shall be also be on the basis of Incoterm CIP (place of destination), which is exclusive of customs duties and other import taxes already paid or to be paid.

## World Bank Procurement Regulations for Borrowers

- 2.4 In the first step, all evaluated bids/proposals in each group shall be compared to determine the most advantageous bid/proposal in each group. Such most advantageous bids/proposals shall be compared with each other and if, as a result of this comparison, a bid/proposal from Group A or Group B is the best, it shall be selected for contract award.
- 2.5 If as a result of the comparison under paragraph 2.4 above, the most advantageous bid/proposal is from Group C, all bids/proposals from Group C shall be further compared with the most advantageous bid/proposal from Group A after adding to the evaluated price of goods offered in each bid from Group C, for the purpose of this further comparison only, an amount equal to 15% (fifteen percent) of the respective Incoterm CIP bid/proposal price for goods to be imported and already imported goods. Both shall include unconditional discounts and be corrected for arithmetical errors. If the bid/proposal from Group A is the best, it shall be selected for contract award. If not, the most advantageous bid from Group C shall be selected.

### Domestic Preference for Works

- 2.6 The Borrower may, with the agreement of the Bank, grant a margin of preference to domestic bidders in the evaluation of bids/proposals in open international competitive procurement for works contracts when comparing to bids/proposals from foreign contractors. In such cases, the bidding/request for proposals document shall clearly indicate any preference to be granted to domestic contractors and the information required to establish the eligibility of a bid/proposal for such preference. The following provisions shall apply:
- a) Bidders applying for such preference shall be asked to provide, as part of the data for qualification, such information, including details of ownership, as shall be required to determine whether, according to the classification established by the Borrower and accepted by the Bank, a particular bidder or group of bidders qualifies for domestic preference. The bidding/request for proposals document shall clearly indicate whether the preference shall apply and the method that will be followed in the evaluation and comparison of bids/proposals to give effect to such preference.
  - b) After bids/proposals have been received and reviewed by the Borrower, responsive bids/proposals shall be classified into the following groups:
    - i. Group A: bids/proposals offered by domestic bidders eligible for the preference; and
    - ii. Group B: bids offered by other bidders.
- 2.7 All evaluated bids/proposals within each group shall, as a first evaluation step, be compared to determine the most advantageous bid/proposal in that group, and the most advantageous bids/proposals from the two groups shall be further compared. If, as a result of this comparison, a bid/proposal from Group A is the most advantageous bid/proposal, it shall be selected for the award of contract. If a bid/proposal from Group B is the most advantageous bid/proposal, as a second evaluation step, all bids/proposals from Group B shall then be further compared with the most advantageous bid/proposal from Group A. For the purpose of this further comparison only, an amount equal to 7.5% (seven and one-half percent) shall be added to the respective bid/proposal price corrected for arithmetical errors, including unconditional discounts but excluding provisional sums and the cost of day



## World Bank Procurement Regulations for Borrowers

works, if any, shall be added to the evaluated price offered in each bid/proposal from Group B, shall be added to the evaluated score in each bid/proposal from Group B. If the bid/proposal from Group A is the most advantageous bid/proposal, it shall be selected for award of contract. If not, the most advantageous bid/proposal from Group B based on the first evaluation step shall be selected.

WORKING DRAFT

WORKING DRAFT

## Annex VII Sustainable Procurement

### 1. PURPOSE

- 1.1 This annex outlines the Bank requirements for the Borrower when the Borrower decides to include sustainable procurement requirements into the procurement process. Sustainable procurement is not a mandatory requirement for Borrowers, which means that Borrowers can determine the extent to which they implement sustainable procurement practice, provided these are applied in ways that are consistent with the Bank's Core Procurement Principles.

### 2. OVERVIEW

- 2.1 Sustainable procurement derives from the concept of sustainable development, which has been defined as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Sustainable development defines three pillars for consideration: environmental, social and economic.

### 3. IMPLEMENTING SUSTAINABLE PROCUREMENT

- 3.1 The intention to adopt sustainable procurement requirements in the procurement process should be identified at the planning stage of the Project Procurement Strategy for Development (PPSD).
- 3.2 The Bank's Procurement Regulations allows for a number of stages where sustainable procurement considerations may be applied:
  - a) pre-qualification of firms;
  - b) functional and/or detailed technical specifications;
  - c) evaluation criteria;
  - d) contract terms and conditions; and
  - e) Key Performance Indicators (KPIs) that are used to assess ongoing performance.
- 3.3 Sustainability requirements may arise from one of the following sources:
  - a) Borrower's policies on economic, social and environmental sustainability such as equality requirements, health and safety requirements, vehicle emission standards; and
  - b) Risks and opportunities identified through analysis of the market or the operating environment. Sustainability risks and opportunities that are to be managed through the procurement process may also be identified through the Environmental and Social Impact Assessment (ESIA). The Bank requirements for ESIA are outlined in Environmental and Social Standards 1 (ESS1).

## World Bank Procurement Regulations for Borrowers

- 3.4 The sustainable procurement requirements should be evidence based (i.e., with supporting data), be based on existing social-label criteria, eco-label criteria or on information collected from stakeholders in industry, civil society and international development agencies.
- 3.5 The Borrower may adopt international sustainability standards covering a wide range of product and service groups provided they are consistent with Bank's Core Procurement Principles.
- 3.6 Specifications shall address specific sustainability requirements through either precise technical or functional specifications. Specific requirements should set a sustainability standard that is to be met by firms or that allows firms to propose their ideas, innovations, and approaches to managing the sustainability risk.
- 3.7 Sustainable procurement requirements may specify materials to be used in production and/or the method of production or service delivery. However, all technical specifications should bear a link to the subject matter of the contract, and can only include those requirements that are related to the production of the goods, works, general or consulting services being procured. The Borrower shall not require production processes that are proprietary or otherwise only available to one firm, or to firms in one country or region, unless such a requirement is justified to the satisfaction of the Bank.
- 3.8 Evaluation criteria may require sustainable procurement technical competence to be demonstrated. In practical terms, this may require that:
  - a) the bidder has previous experience in successfully executing contracts with similar requirements;
  - b) the bidder employs or has access to personnel with the required educational and professional qualifications, practices and experience to deal with the sustainable procurement elements of the contract;
  - c) the bidder owns or has access to the necessary technical equipment for environmental protection;
- 3.9 The bidder has the means to deliver on the sustainable procurement aspects of the contract.
- 3.10 For service and works contracts only, the Bank procurement procedures allow requirements specifically at the selection stage about the environmental management measures that the contractor will be able to apply in performing the contract. This is restricted to relevant circumstances, so if sustainable procurement management measures are not relevant to the contract in question the Borrower may not require the contractor to demonstrate its ability to apply them.
- 3.11 Sustainable procurement measures can serve to demonstrate the technical capacity for contracts where the nature of the works justifies applying sustainable procurement management measures or schemes during the performance of a contract. Those measures must be directly linked to the performance of the contract.
- 3.12 Internationally recognized certification or accreditation schemes may be used to demonstrate company's ability to apply environmental management measures. Such schemes may include EN/ISO 14 001 or other systems, which conform to the relevant

## World Bank Procurement Regulations for Borrowers

international standards on certification and environmental management may be recognized. Firms may also be able to demonstrate that they apply equivalent sustainable management measures, even without certification.

- 3.13 The principle of proportionality shall be included when setting requirements for the sustainable procurement management measures to be applied.

### Contract Clauses

- 3.14 The Borrower may include economic, social and environmental considerations in contract performance clauses, provided they are included in the bidding/request for proposals document and comply with Bank policy.

### Contract Management

- 3.15 The Key Performance Indicators (KPIs) should link back to key sustainable procurement aspects of the specification (as identified from original issues and risks in the PPSD) or when available the final contractual commitment made by the successful bidder and should be used to measure essential aspects of a contract. For details see Annex XI, Contract Management.

WORKING DRAFT

## Annex VIII Contract Types

### 1. PURPOSE

- 1.1 This annex lists the different types of contracts that may be used in procurement financed by the Bank.

### 2. REQUIREMENTS

- 2.1 The determination of contract types shall be based on VfM and fit-for-purpose considerations. The list below includes, but is not limited to, the most common contract types based on payment conditions.

#### Lump Sum Contracts

- 2.2 A lump sum contract is one where the contractor/consultant agrees to perform the scope of services for a fixed contract amount. Payment percentages or amounts may be linked to the completion of contractual milestones or determined as a percent of the value of the work to be done.
- 2.3 Lump sum contracts may be appropriate when:
- a) the scope of the procurement activity can be clearly and accurately specified and can be linked to milestone payments at the time of selection (e.g., simple civil works, consulting services with clearly identifiable deliverables); and
  - b) the contractor is responsible for delivering the completed works, industrial plant or pre-built information technology solutions, such as in turnkey contracts, and paid on a lump sum basis per contractual milestones.

#### Performance based Contracts

- 2.4 A performance based contract is one where the payments are made for measured outputs instead of inputs. The outputs aim at satisfying functional needs in terms of quality, quantity and reliability.
- 2.5 Performance based contracts may be appropriate for:
- a) rehabilitation of roads and operation and maintenance of the roads by a contractor for specified periods;
  - b) the provision of non-consulting services to be paid on the basis of outputs; and
  - c) operation of a facility to be paid based on functional performance.



## World Bank Procurement Regulations for Borrowers

### Admeasurement - Contract based on Unit Prices

- 2.6 A contract that is based on estimated quantities of items and contractual unit prices for each of these items, is paid on the actual quantities and contractual unit prices.
- 2.7 This type of contract is appropriate for works, when the nature of the work is well defined, but the quantities cannot be determined with reasonable accuracy in advance of construction, such as in roads or dams.
- 2.8 For goods and non-consulting services, it is appropriate when the required quantities are known and unit prices are sought from bidders.

### Time based Contracts

- 2.9 Time based contracts are contracts where the payment is made based on agreed rates and time spent plus reasonable incurred reimbursable expenses.
- 2.10 These types of contractual arrangements may be used for:
  - a) emergency situations, repairs and maintenance works;
  - b) consulting services, when it is difficult to define or fix the scope and duration of the services (e.g., complex studies, supervision of construction, advisory services); and
  - c) this type of contract is not appropriate for goods and industrial plant.

### Reimbursable Cost Contracts

- 2.11 Reimbursable cost contracts require that payments be made on a reimbursable basis for all actual costs plus an agreed fee to cover overhead and profit.
- 2.12 These type of contracts may be appropriate for exceptional fit-for-purpose circumstances such as emergency repairs and maintenance work. To minimize risk to the Borrower:
  - a) the contractor shall make all his records and accounts available for inspection by the Borrower or by some agreed neutral third party; and
  - b) the contract shall include appropriate incentives to limit costs.

## 3. OTHER TYPES OF CONTRACTUAL ARRANGEMENTS

### Framework Agreements

- 3.1 These are contractual arrangements for fixed or variable volumes of products or services over a fixed period. For details see Annex XV, Framework Agreements.

### Public Private Partnerships

- 3.2 For Public Private Partnerships (PPP), the possible contract arrangements (such as Build, Operate and Transfer (BOT); Build, Own, Operate and Transfer (BOOT)) are several and are addressed in Annex XIV of these Procurement Regulations.

### **Annex IX**

### **Contract Conditions in International Competitive Procurement**

#### **1. PURPOSE**

- 1.1 This annex lists the minimum contract conditions required for international competitive procurement for goods, works and non-consulting services in IPF operations.

#### **2. REQUIREMENTS**

- 2.1 The contract conditions shall provide an appropriate allocation of responsibilities, risks and liabilities informed by an analysis of which party is better placed to manage the risks, cognizant of the costs and incentives of risk allocation.
- 2.2 For international competitive procurement for goods, works, non-consulting services and consulting services, the Borrower shall use the applicable Bank's Standard Bidding/Request for Proposals Document with minimum changes, acceptable to the Bank, as necessary to address project-specific conditions.
- 2.3 For goods, works and non-consulting services, in cases where the Bank has not issued the applicable Standard Bidding/Request for Proposals Document, the Borrower shall use other internationally recognized standard conditions of contract and contract forms acceptable to the Bank and include paragraph 2.20 of this annex below. In circumstances where (i) the Bank has not issued the applicable Standard Bidding/Request for Proposals Document, and (ii) other internationally recognized standard conditions of contract and contract forms acceptable to the Bank are not available, the Borrower shall at least include the following provisions in the contract.

#### **Performance Security**

- 2.4 Contracts for works and plant shall require security in an amount sufficient to protect the Borrower in case of breach of contract by the contractor. This security shall be provided in an appropriate amount, as specified by the Borrower in the bidding/request for proposals document. The amount of the security may vary, depending on the type of security furnished and on the nature and magnitude of the works or facilities. Normally, the amount for bank guarantees should not exceed ten percent (10%) of the contract price unless the commercial practice for the industry recommends a different percentage. A portion of this security shall extend sufficiently beyond the date of completion of the works or facilities to cover the defects liability or maintenance period up to final acceptance by the Borrower.
- 2.5 In contracts for the supply of goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of goods. To protect against non-performance of the contract, firms may be required to provide a security in an appropriate and reasonable amount, as specified by the Borrower in the bidding/request for proposals document.

## World Bank Procurement Regulations for Borrowers

- 2.6 Performance securities shall be in an appropriate form, acceptable to the Bank, as specified by the Borrower in the bidding/request for proposals document. Bidders shall be allowed to submit a performance security directly issued by the reputable bank or financial institution (insurance, bonding or surety company) of their choice, located in any eligible country. However, if the performance security is issued by a financial institution and that financial institution is located outside the borrower's country, if it is not enforceable, the financial institution shall have a correspondent financial institution located in the borrower's country to make it enforceable.

### Defaults

- 2.7 The contract shall have provisions such as suspension and termination, addressing contractual defaults by either party.

### Force Majeure

- 2.8 The conditions of contract shall stipulate that failure on the part of the parties to perform their obligations under the contract shall not be considered a default if such failure is the result of an event of force majeure as defined in the conditions of contract.

### Liquidated Damages and Bonus Clauses

- 2.9 Provisions for liquidated damages or similar provisions in an appropriate amount shall be included in the conditions of contract when delays in the delivery of goods, completion of works, or failure of the goods, works, and non-consulting services to meet performance requirements would result in extra cost, or loss of revenue, or loss of other benefits to the Borrower. Provision may also be made for a bonus to be paid to contractors for completion of works or delivery of goods ahead of the times specified in the contract when such earlier completion or delivery would be of benefit to the Borrower.

### Value Engineering

- 2.10 For complex or high value contracts, provisions should be included that allow for value engineering, that is, proposals initiated by the contractor to reduce the costs, increase performance, improve completion times or involve other benefits to the Borrower. The proposal shall be prepared at the cost of the contractor and the decision of whether or not the proposal is adopted rests with the Borrower. The contract shall specify how any benefits arising from the proposal shall be shared between the parties.

### Contract Change Management

- 2.11 The contract shall clearly indicate the procedures to address change orders or contract variations.

### Payments

- 2.12 Payment contract provisions shall be in accordance with the international commercial practices applicable to the specific goods, works, non-consulting services and consulting services.

## World Bank Procurement Regulations for Borrowers

- 2.13 Contracts for goods shall provide for full payment on the delivery and inspection, if so required, of the contracted goods except for contracts involving installation and commissioning, in which case a portion of the payment may be made after the contractor has complied with all its obligations under the contract. The Bank normally requires the use of letters of credit so as to assure prompt payment to the contractor. In major contracts for equipment and industrial plants, provisions shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.
- 2.14 Contracts for works shall provide, in appropriate cases for mobilization advances, advances on contractor's equipment and materials, regular progress payments, and reasonable retention amounts to be released upon compliance with the contractor's obligations under the contract.
- 2.15 Any advance payment for mobilization and similar expenses, made upon signature of a contract for goods, works, and non-consulting services, shall be related to the estimated amount of these expenses and be specified in the bidding/request for proposals document. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the goods or works, shall also be specified. The bidding/request for proposals document shall specify the arrangements for any security required for advance payments.

### Price Adjustments

- 2.16 The contract shall state either that (a) contract prices shall be fixed or (b) that contract price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials. Price adjustment provisions are usually not necessary in simple contracts involving delivery of goods or completion of works, non-consulting services and consulting services within eighteen (18) months, but shall be included in contracts which extend beyond eighteen (18) months. Contracts of shorter duration (less than 18 months) may also include similar provisions for price adjustments when future local or foreign inflation is expected to be high. Prices shall be adjusted by the use of applicable official price indices. Where they are not available, they may be derived from appropriate documented sources. The formula, the applicable price indices and the base date for application shall be clearly defined in the contract.

### Insurance

- 2.17 Contracts shall include types and terms of insurance to be provided by contractors. Normally, an "all risk" type of insurance policy shall be specified. For goods and for single responsibility contracts, the indemnity payable under transportation insurance shall be at least 110% (one hundred ten percent) of the CIP price of the goods to be imported in the currency of the contract or in a freely convertible currency to enable prompt replacement of lost or damaged goods.
- 2.18 If a Borrower does not wish to obtain insurance coverage through the contract, and wishes to make its own arrangements or to reserve insurance to national firms or other designated sources, it shall provide evidence satisfactory to the Bank that (a) resources are readily available for prompt payment, in a freely convertible currency among the currencies of

## World Bank Procurement Regulations for Borrowers

payment of the contract, of the indemnities required to replace lost or damaged goods, and (b) risks are adequately covered.

### Applicable Law and Settlement of Disputes

- 2.19 The conditions of contract for international competitive procurement shall include provisions dealing with the applicable law and the forum for the settlement of disputes. All international competitive procurement contracts are required to include appropriate mechanisms for independent dispute resolution such as Dispute Review Experts or Dispute Review Boards. International commercial arbitration in a neutral venue shall be required unless the national regulations and arbitration procedures are acceptable to the Bank in terms of equivalence to international commercial arbitration and the venue is neutral, or the contract has been awarded to a bidder/consultant from the Borrower's country. The World Bank shall not be named arbitrator or be asked to name an arbitrator. It is understood, however, that officials of the International center for Settlement of Investment disputes (ICSID) shall remain free to name arbitrators in their capacity as ICSID officials.

### Fraudulent and Corrupt Practices, and Reviews and Audits by the Bank

- 2.20 The Bank requires application and compliance with the Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. The Bank requires that bidders, consultants, contractors, suppliers, subcontractors, sub-consultants, service providers, and agents, and their personnel, permit the Bank to inspect all accounts, records, and other documents relating to the Procurement Process of Bank-financed contracts, and to have them audited by auditors appointed by the Bank. The conditions of contract shall include a clause to that effect.

## Annex X Evaluation Criteria

### 1. PURPOSE

- 1.1 This annex describes the principles of bid/proposal evaluation criteria and their application in procurement financed by the Bank.

### 2. REQUIREMENTS

- 2.1 The evaluation criteria shall be designed to enable the Borrower to achieve best VfM in procurement financed by the Bank and shall be informed by the Project Procurement Strategy for Development (PPSD) and the Activity Level Procurement Strategy, as appropriate and specified in the bidding/request for proposals document.
- 2.2 The evaluation criteria shall be appropriate to the nature and complexity of the procurement. The Borrower shall determine the Most Advantageous Bid/Proposal:
  - (a) when rated criteria are not used, of the bidder that meets the qualification criteria and whose bid/proposal has been determined to be (i) substantially responsive to the bidding/request for proposals document, and (ii) the lowest evaluated cost (lowest evaluated bid/proposal); or
  - (b) when rated criteria are used, from the (i) substantially responsive bidder that meets the qualification criteria and has submitted the best evaluated bid/proposal, or (ii) the consultant that submitted the best evaluated bid/proposal.
- 2.3 Bid/proposal evaluation reports shall include all details, including justifications on how VfM has been achieved, and the strengths and weaknesses of bids/proposals when rated type criteria have been applied.

#### Pillars of Evaluation Criteria

- 2.4 The pillars of bid/proposal evaluation criteria necessary to achieve the best VfM require that:
  - a) the evaluation criteria shall be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured;
  - b) to the extent practicable, evaluation criteria should be quantifiable (such as convertible to monetary terms);
  - c) the bidding/request for proposals document shall include the complete evaluation criteria and the specific manner in which they shall be applied;
  - d) only the evaluation criteria, and all the evaluation criteria, indicated in the bidding/request for proposals document shall be applied;

## World Bank Procurement Regulations for Borrowers

- e) once the bidding/request for proposals document have been issued, any change to the evaluation criteria shall be made only through amendments; and
- f) the evaluation criteria shall be applied consistently to all bids/proposals submitted.

2.5 In order to achieve VfM, the evaluation criteria may take factors including the following :

- a) **Cost:** as specified in the bidding/request for proposals document, evaluation of costs shall be on the basis of (i) adjusted bid price or (ii) adjusted bid price plus the running/recurring cost over the useful life time of the asset on net present cost basis ( “life-cycle-costs” ).
- b) **Quality:** the degree to which the characteristics of the goods, works, non-consulting services or consulting services meet the stated requirements in the bidding/request for proposals document;
- c) **Risk:** to ensure that procurement can reasonably and efficiently adjust to unforeseen changes in design, capacity, technical, business or economic circumstances;
- d) **Sustainable Procurement:** criteria that takes into account stated economic, social, and **environmental** benefits in support of the project objectives, and may include the flexibility of the proposal to adapt to possible changes over the lifecycle;
- e) **Innovation:** to give bidders the opportunity to include, when appropriate, in their bid/proposals, solutions that exceed the requirements in the bidding/request for proposals document that will benefit the Borrower in attaining VfM.

### Simulation of Evaluation Criteria

- 2.6 Before finalizing the bidding/request for proposals document and to ensure that the evaluation criteria delivers VfM, the Borrower shall perform a simulation applying the developed evaluation criteria to various probable situations expected to be encountered in the selection process. The objective of the analysis is to demonstrate to the Borrower the adequacy of the criteria and the assigned weighting.

## 3. GOODS, WORKS AND NON-CONSULTING SERVICES

### Pass/Fail

- 3.1 Responsiveness to the requirements of the bidding/request for proposals document is evaluated on pass/fail basis.

### Evaluation of Costs

- 3.2 As specified in the bidding/request for proposals document, evaluation of costs shall be on the basis of (a) adjusted bid price or (b) life-cycle-costs.
- 3.3 Adjustments of bid price include arithmetic correction, discounts if any, and, if specified in the bidding/request for proposals document for evaluation purposes, other adjustments including for deviation in delivery/implementation schedule, and/or payment terms, and corrections for minor deviations or omissions.



## World Bank Procurement Regulations for Borrowers

- 3.4 Life cycle costing should be used when the costs of operation and/or maintenance over the specified life of the goods or works are estimated to be considerable in comparison with the initial cost and may vary among different bids/proposals. It shall be evaluated on a net present cost basis.
- 3.5 When using life cycle costing, the Borrower shall specify in the bidding/request for proposals document the following information:
- a) number of years for the life cycle cost determination;
  - b) the discount rate, in percent, to be used to calculate the net present cost of future costs over the life cycle period specified in (a) above; and
  - c) the methodology to be used for calculating the operation, maintenance and residual value costs, including the information to be provided in the bid/proposal.

### Rated Type Criteria

- 3.6 Rated Type Criteria, non-price attributes assessed with merit points, shall be used only when benefits may not be quantifiable other than using merit points (or the evaluation criteria cannot be expressed in monetary terms) and the benefits associated with these rated criteria are expected to vary among different bids/proposals. Use of rated type evaluation criteria is subject to prior agreement with the Bank.
- 3.7 The rated type criteria, and sub-criteria as appropriate, shall be prioritized, assigned merit points and weighted based on the relative importance in meeting the desired outcome. The number of sub-criteria should be kept to the minimum essential.
- 3.8 Rated criteria may include, but are not limited to the following features:
- a) quality of methodology and work plan
  - b) performance, capacity, or functionality features.
  - c) sustainable procurement

### Combined Rated Type Criteria and Cost

- 3.9 Bids/proposals are given a financial score that is inversely proportional to their prices. The weighting to be used to combine the rated and financial scores to determine the most advantageous bid/proposal shall be specified in the bidding/request for proposals document. The relative weight to be assigned to rated criteria should generally not exceed thirty percent (30%), and may be set as high as fifty percent (50%), only if justified to achieve VfM.

## World Bank Procurement Regulations for Borrowers

### 4. CONSULTING SERVICES

- 4.1 Technical proposals of consulting services are evaluated on the basis of a scoring system using the following criteria:
- a) Adequacy of Methodology and work plan;
  - b) Relevant experience and qualifications of key staff; and
  - c) Relevant experience of the firm
- 4.2 Further in addition to a), b) and c) above, (i) transfer of knowledge and (ii) participation of nationals among key staff, may be included depending on the nature and needs of the assignment.
- 4.3 The above criteria shall be assigned scores within the range of scores set forth in Table 1. below. For justifiable reasons with Bank's prior review, such as when transfer of knowledge is the main objective of an assignment and hence may be given a higher weight to reflect its importance. Within the specified range, the score to be assigned to a criteria depends on the nature and complexity of an assignment. As an example when VfM is to be achieved through innovative proposals, the scores to be assigned to the methodology criteria could be on the higher end of the range.
- 4.4 The Borrower shall normally divide these criteria into sub-criteria. Each criterion shall then be assigned a score on the basis of the points assigned to respective sub-criterion. The number of sub-criteria should be kept to the essential.

**Table 1. (Allocated Score Range)**

Rated Type/Price Range	Rated Criteria	Merit Point Range
<b>Quality</b>	Methodology	20 – 50%
	Relevant Experience and Qualification of Key Staff	30 – 60%
	Relevant Experience of Firm	5 – 10%
	Transfer of Knowledge	0 – 10%
	Nationals among key staff	0 – 10%

- 4.5 The request for proposals document shall specify the overall minimum technical score. The minimum technical score shall normally be in the range of 70-85% depending on the nature and complexity of the assignment.

## World Bank Procurement Regulations for Borrowers

### Cost Type (Financial Proposal)

- 4.6 The offered total price shall include all consultant's remuneration and other reimbursable and miscellaneous expenses. For the purpose of evaluation, the offered prices shall exclude local identifiable indirect taxes (such as sales tax, value added, excise taxes and similar taxes and levies) on the contract and income tax payable to the country of the Borrower on the remuneration of services rendered in the country of the Borrower by non-resident experts and other personnel of the consulting firm. In exceptional circumstances, when indirect taxes cannot be fully identified by the Borrower when evaluating the financial offers, the Bank may agree that prices, for the purpose of evaluation only, include all taxes payable to the country of the Borrower.
- 4.7 For a time-based contract, any arithmetical errors shall be corrected, and prices shall be adjusted if they fail to reflect all inputs that are included in the respective technical proposals. For a lump-sum contract, the consultant is deemed to have included all prices in its financial proposal, so neither arithmetical corrections nor price adjustments shall be made, and the total price, net of taxes understood as per paragraph 4.6 above, included in the financial proposal shall be considered as the offered price. For QCBS, the proposal with the lowest offered total price may be given a financial score of 100% (one hundred percent) and other proposals given financial scores that are inversely proportional to their prices. The methodology to be used shall be specified in the request for proposals document.

### Combined Quality and Cost Scores

- 4.8 When using QCBS, the scores of the quality and the cost scores shall be weighted appropriately and added to determine the most advantageous proposal.
- 4.9 The weighting of quality and cost scores shall depend on the nature and complexity of the consulting assignment. The range of quality and cost score weighting shall normally be as per Table 2. below, except for justifiable reasons with Bank's prior review.

**Table 2. Combined Quality / Cost Ratio for QCBS**

<u>Description</u>	<u>Quality/Cost Score Weighting (%)</u>
High complex / downstream consequences / specialized assignments (or may use QBS method)	90 / 10
Moderate complexity	70 - 80 / 30 - 20
Assignments of a standard or routine nature such as auditors / procurement agents handling the procurement (or may use LCS method)	60 - 50 / 40 - 50

WORKING DRAFT

## Annex XI Contract Management

### 1. PURPOSE

- 1.1 This annex outlines the requirements for Contract Management Plan and monitoring for contracts in IPF operations.

### 2. REQUIREMENTS

- 2.1 Effective contract management requires systematic and efficient planning, execution, monitoring and evaluation to optimize performance while managing risks to ensure that both parties fulfill their contractual obligations with the ultimate goal to achieve VfM and results on the ground.
- 2.2 The Borrower shall begin developing a contract as early as possible in the procurement process. As required by these Procurement Regulations, the contract conditions shall be included in the bidding/request for proposals document for the particular procurement process. The level of detail required in a contract shall depend on the risk and complexity of the contract and the terms and conditions shall be fit-for-purpose with appropriate allocation of risks, liabilities, roles and responsibilities of the parties.
- 2.3 A Contract Management Plan shall be developed during contract creation and completed at the time the contract is signed.
- 2.4 Borrowers shall proactively manage contracts throughout their duration against the Contract Management Plan, using Key Performance Indicators (KPIs) set to ensure that contractor performance is satisfactory, contract requirements are met , and relevant stakeholders are well informed and satisfied with the goods, works, non-consulting services, and consulting services provided under the contract. An evaluation of the contract performance shall be carried out at the contract completion to assess the performance, and if applicable, identify any lessons learned for future contracts.

### 3. CONTRACT MANAGEMENT PLAN AND CONTRACT EXECUTION

- 3.1 Depending on the complexity, value and risk of the contract, and the scope of the contract, the Contract Management Plan shall at least include:
- 3.2 For simple and low value contracts, the Contract Management Plan shall at least include:
  - a) key roles and responsibilities;
  - b) key contractual dates and delivery milestones;
  - c) budget and payment milestones; and
  - d) record keeping requirements.

## World Bank Procurement Regulations for Borrowers

- 3.3 For high value, high risk or complex contracts, identified in the Procurement Plan, the Contract Management Plans shall typically contain a summary of contract details such as:
- a) identified potential risks (such as delays in the contractor's right of access to site, payment delays and other defaults in the Borrower's contractual obligations that could potentially lead to contractual disputes) and its mitigation;
  - b) key contacts, roles and responsibilities of the parties:
    - i. the names and contact details of the key contacts for each party shall be clearly identified in the contract; and
    - ii. ensuring that each party has established the necessary authorizations and delegations for its personnel at the beginning of the contract is an important prerequisite to ensuring that all contracting decisions are valid and enforceable;
  - c) communication and reporting procedures;
  - d) key contractual terms and conditions;
  - e) contractual milestones including critical path (identified to ensure early detection and mitigation of issues) and payment procedures consistent with contractual provisions;
  - f) key contract deliverables;
    - i. contract deliverables shall be identified and properly described so they can be easily monitored; and
    - ii. key contract deliverables shall be updated to account for change orders during the execution of the contract
  - g) key Performance Indicators (KPIs) and measurement process;
  - h) contract variation/change control mechanisms; and
  - i) record keeping requirements

### Contract Monitoring

- 3.4 During the contract execution, the Borrower shall use the contract and the Contract Management Plan to ensure that both contracting parties are complying with the contractual provisions. Monitoring shall ensure that wherever possible, amicable resolution of contractual disputes takes place. Where that is not possible, the use of other dispute resolution mechanisms provided in the contract shall be monitored closely to ensure that resolutions are obtained in a timely manner. For large and complex contracts, the option of utilizing concurrent probity assurance should be considered.
- 3.5 To determine whether VfM is achieved, the Borrower shall monitor the contract, to ensure at least the following:
- a) risks managed or mitigated before they materialized;
  - b) contract completed on time and within budget;
  - c) contract variations properly justified;
  - d) outcome of the contract meets the objectives set at the start;

## World Bank Procurement Regulations for Borrowers

- e) Borrowers technical and commercial requirements met or exceeded within budget; and
- f) final contract price compares favorably with comparable benchmarks.

WORKING DRAFT

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## Annex XII Selection Methods

### 1. PURPOSE

- 1.1 This annex provides further details on Approved Selection Methods and Particular Types of Approved Selection Arrangements.

### 2. REQUIREMENTS

- 2.1 For each procurement, the Borrower will identify from the Approved Selection Methods the selection method that best fits the requirements and enables the Borrower to achieve VfM. Section VII and VIII provide conditions and circumstance for use of Approved Selection Methods, Particular Types of Approved Selection Arrangements and Market Approach Options.

### 3. GOODS, WORKS AND NON-CONSULTING SERVICES

#### Procedures for Using a Request for Proposals Selection Method

#### Request for Proposals with Prequalification

- 3.1 If pre-qualification is used, the Borrower shall follow the steps below to carry out a prequalification process when using the RFP method.
- a) **Prequalification Document** – prepare the prequalification document using the Bank's Standard Prequalification Document;
  - b) **Specific Procurement Notice** – prepare and publish the SPN inviting applications for prequalification using the Bank's applicable Bank's template for such notices. Publication of the SPN shall be in accordance with paragraph 6.17, Section VI. of these Procurement Regulations. It shall occur only when the prequalification document is ready for distribution, giving sufficient time for applicants to obtain the prequalification document and prepare and submit their applications.
  - c) **Clarifications and Amendments** – The Employer's response to any request for clarifications from prospective applicants shall be in writing, and a copy of the Borrower's response shall be forwarded to all prospective applicants. Any amendment to the prequalification document as a result of clarifications. Any amendment to the prequalification document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be in writing and shall be communicated in writing to all prospective applicants.
  - d) **Pre-Qualification Application Submission and Opening** – Applications shall be submitted prior to the deadline. If specified in the prequalification document, the Borrower may accept applications submitted after the submission deadline. The

## World Bank Procurement Regulations for Borrowers

Borrower shall open all applications received prior to the deadline and distribute to all applicants a record of the opening of the applications.

- e) **Evaluation of Applications** – Evaluation of pre-qualification applications shall be based on the criteria specified in the prequalification document.
- f) **Communication of Prequalification Results** – the Borrower shall communicate the results of the prequalification process to all that submitted applications.

### Request for Proposals - Single Stage Selection Process

3.2 The Borrower shall follow the steps below to carry out a procurement using the RFP selection method

- a) **Request for Proposals Document** – prepare the request for proposals document using the Bank's Standard Request for Proposals Document;
- b) **Specific Procurement Notice without Prequalification** – prepare and publish the SPN inviting proposals using the Bank's template for such notices. Publication of the SPN shall be in accordance with paragraph 6.17, Section VI of the Procurement Regulations. It shall occur only when the request for proposals document is ready for distribution.
- c) **Invitation to submit proposals (following Prequalification)** – if a prequalification process has taken place, then the Borrower shall issue invitations to submit a proposal to all prequalified firms, and only to those firms.
- d) **Clarifications and Amendments** – shall meet the requirements of paragraph 6.20, Section VI. of these Procurement Regulations;
- e) **Proposal Submission Deadline and Opening** – shall meet the requirements of paragraphs 6.25-6.26, 6.27-6.31, and 6.33-6.34, Section VI. of these Procurement Regulations;
- f) **Proposal Evaluation and Post-qualification Assessment** - shall be in accordance with the evaluation criteria specified in the request for proposals document;
- g) **Options**
  - i. **Negotiation** – shall meet the requirements of paragraphs 7.30-7.32, Section VII. of these Procurement Regulations
  - ii. **Best and Final Offer** – shall meet the requirements of paragraphs 7.29, Section VII. of these Procurement Regulations
- h) **Notification of Intention to Award and Standstill Period** – shall meet the requirements of paragraphs 6.49, Section VI. Of these Procurement Regulations;
- i) **Award of Contract and Publication of Contract Award** – shall meet the requirements of paragraphs 6.45 and 6.56, Section VI. of these Procurement Regulations; and
- j) **Debriefings** – shall meet the requirements of paragraphs 6.57-6.63 and 6.64, Section VI. of these Procurement Regulations.

# World Bank Procurement Regulations for Borrowers

## Request for Proposals - Multi Stage Selection Process

3.3 The Borrower shall follow the steps indicated below:

- a) **Request for Proposals Document** – prepare the request for proposals document for the 1st stage using the Bank's Standard Request for Proposals Document;
- b) **Specific Procurement Notice without Prequalification** – prepare the SPN inviting proposals using the Bank's template for such notices. Publication of the SPN shall be in accordance with paragraph 6.17, Section VI. of these Procurement Regulations. It shall occur only when the request for proposals document is ready for distribution;
- c) **Invitation to submit proposals (following Prequalification)** – if a prequalification process has taken place, then the Borrower shall issue invitations to submit a proposal to all prequalified firms;
- d) **Clarifications and Amendments** – shall meet the requirements of paragraph 6.20, Section VI. of these Procurement Regulations;
- e) **Technical Proposal Submission Deadline and Opening** – shall meet the requirements of paragraph 6.25-6.26, 6.27-6.28, and 6.30-6.34, Section VI. of these Procurement Regulations;
- f) **Proposal Evaluation** – shall be in accordance with evaluation criteria specified in the request for proposals document;
- g) **Determination of responsiveness** - as per the requirements of the request for proposals document ;
- h) **Discovery Meetings** – the Borrower shall hold confidential one to one meetings with each of the bidders that submitted first-stage proposals to discover possible solutions as well as to address technical and/or commercial clarifications and adjustments of the proposal submitted in the first-stage;
- i) **Amendments** – as a result of the meetings, the Borrower shall assess the findings of the discovery meetings and amend 1st stage request for proposals document to convert them into the 2nd stage request for proposals document;
- j) **Communication of Results of the 1st Stage** – the Borrower shall communicate the results of the 1st stage selection process to all firms that submitted 1st stage proposals;
- k) **Issuing 2nd Stage Request for Proposals Document and Invitation to Submit Final Proposals** – the Borrower shall issue 2nd stage request for proposals document to the qualified bidders with responsive proposals;
- l) **Evaluation of Final Proposals** – the Borrower shall evaluate the second stage proposals in accordance with evaluation criteria specified in the 2nd stage request for proposals document;
- m) **Notification of Intention to Award and Standstill period** – shall meet the requirements of paragraphs 6.49, Section VI. respectively, of these Procurement Regulations;

## World Bank Procurement Regulations for Borrowers

- n) **Award of Contract and Publication of Contract Award** – shall meet the requirements of paragraphs 6.45 and 6.56, Section VI. of these Procurement Regulations; and
- o) **Debriefings** – shall meet the requirements of paragraphs 6.57-6.63 and 6.64, Section VI. of these Procurement Regulations.

### Procedures for Using a Request for Bids Selection Method

#### Request for Bids with Prequalification

- 3.4 The Borrower shall follow the steps for Prequalification as in the RFP method above.

#### Request for Bids Selection Process

- 3.5 The Borrower shall follow the steps set forth for the RFP Single Stage method above.

#### Requests for Quotations

- 3.6 Quotations should be obtained through advertisement, or when limited competition is justified, through a request for quotations (RFQs) to a limited number of firms. To ensure competition, the Borrower should request quotations from as many firms as possible, with a minimum of three.
- 3.7 Firms shall be given sufficient time to prepare and submit their quotations. RFQs shall include the description and quantity of the goods, as well as the required delivery time and place for the goods or services, including any installation requirements, as appropriate. The request shall also indicate the deadline for submission of quotations and specify that quotations may be submitted by letter, facsimile or by electronic means.
- 3.8 The evaluation of the quotations and contract award shall be carried out as per the criteria specified in the RFQs. The terms of the accepted quotation shall be incorporated in a contractually binding document. The Borrower shall keep records of all proceedings regarding RFQs.

### Particular Types of Procurement Arrangements

#### E-Reverse Auctions

- 3.9 The E-reverse auction is a particular application of a RFQs and shall start within a reasonable timeframe after firms, who have been prequalified/registered, and have met the minimum qualification criteria, receive information on:
- a) The automated evaluation method that will be used to rank bidders during the e-reverse auction; and
  - b) Any other relevant information on how the e-Reverse auction is to be conducted including clear instructions on how to access and participate in the e-Reverse auction.

## World Bank Procurement Regulations for Borrowers

- 3.10 Firms then place offers for the goods or non-consulting services, and at the end of the auction, the firm with the lowest bid price wins.
- 3.11 E-Reverse auctions may be used when the Borrower's requirements are unambiguously specified and there is adequate competition among firms.

### Operations involving a Program of Imports

The simplified provisions for notification do not require a GPN. SPNs shall be advertised in at least one newspaper of national circulation in the Borrower's country (or in the official gazette, if any, or on a widely used website or electronic portal with free national and international access) in addition to UNDB online and the Bank's external website. The period allowed for submission of bids may be reduced to 20 Business Days from the date of publication of the SPN on UNDB online. Bidding and payment may be limited to one currency widely used in international trade.

### Commodities

- 3.12 A framework arrangement may be established and a list of bidders drawn up to whom periodic invitations to bid are issued. Bidders may be invited to quote prices linked to the market price at the time of, or prior to, the shipments. Bid validities shall be as short as possible. A single currency, specified in the bidding document, in which the commodity is usually priced in the market may be used for bidding and payment. Standard contract conditions and forms consistent with market practices shall be used.
- 3.13 E-Reverse auction may be used for procuring commodities from prequalified/registered firms if requirements can be unambiguously specified and there is adequate competition among firms.

### Community Driven Development

- 3.14 CDD projects generally envisage a large number of small value contracts for goods and both non-consulting and consulting services, and a large number of small works scattered in remote areas. Commonly used procurement procedures include RFQs, local competitive bidding inviting prospective bidders for goods and works located in and around the local community, direct contracting for small value goods, works, and non-consulting services, and the use of community labor and resources.
- 3.15 The proposed arrangements and the project activities to be carried out by community participation shall be outlined in the Legal Agreement and further elaborated in the Project Procurement Strategy for Development (PPSD) and the relevant project implementation document (manual) approved by the Bank and made publicly available by the Borrower.

# World Bank Procurement Regulations for Borrowers

## 4. CONSULTING SERVICES

### Description of the Procedures for the Selection of Firms

#### Preparation of Shortlists

4.1 The Borrower shall follow the steps below to carry out a shortlisting process:

- a) **Terms of Reference** – prepare the complete TOR for the assignment. The TOR shall define clearly the objectives, goals, and scope of the assignment, provide background information to facilitate preparation of proposals, and be compatible with the budget;
- b) **Request for Expressions of Interests** –
  - i. Prepare the Request for Expressions of Interests (REoI) in accordance with the template indicated in the Bank's external website as per paragraph 6.18, Section V. of these Procurement Regulations;
  - ii. the REoI shall include the complete TOR.
- c) **Publication of the REoI** –
  - i. the publications of the REoI shall be done after the complete TORs have been prepared and are ready for distribution as per paragraph 6.17, Section VI. of the Procurement Regulations;
  - ii. the TORs shall be made available to interested firms at the same time as the publication of the REoI.
- d) **Clarifications or Amendments to the REoI** - shall be in writing;
- e) **Submission of expressions of interests** – the Borrower's shall give firms sufficient time to respond to the REoI, normally no less than 10 Business Days; The late submission of an expression of interest shall not be a cause for its rejection unless the Borrower has already prepared a shortlist of qualified firms based on expressions of interest received;
- f) **Shortlisting** – the Borrower shall assess the expressions of interest to determine the shortlist. Key personnel shall not be evaluated at this stage. The final shortlist shall be communicated to all firms that expressed interest, as well as any other firm or entity that specifically requests this information. The invitation to shortlisted firms for requests for proposals shall include the names of all shortlisted firms. Once the Bank has issued its no objection to the shortlist, the Borrower shall not modify it without the Bank's no objection.

#### Procedures for Using the Approved Selection Methods for Consulting Services

#### Common Procedures for QCBS, FBS and LCS

4.2 The Borrower shall follow the steps below to carry out a selection process when using QCBS, FBS or LCS methods.



## World Bank Procurement Regulations for Borrowers

- a) **Request for Proposals Document** – prepare the RFP using the Bank's applicable Standard Request for Proposals Document;
- b) **Proposal preparation period** – the Borrower shall allow sufficient time for the firms to prepare their proposals depending on the nature and complexity of the assignment;
- c) **Letter of invitation to submit proposals** – the Borrower's shall issue the letter of invitation to submit proposals along with the RFP to all the shortlisted firms;
- d) **Clarifications and Amendments** – shall meet the requirements of paragraph 6.20, Section VI. of these Procurement Regulations;
- e) **Proposal Submission** –
  - i. the technical and financial proposals shall be submitted at the same time in two (2) separate and sealed envelopes
  - ii. shall meet the requirements of paragraphs 6.25 and 6.26, Section VI. of these Procurement Regulations.
- f) **Technical Proposal Opening** –
  - i. the Borrower shall conduct the opening of only the technical proposals received by the deadline for the submission of proposals.
  - ii. shall meet the requirements of paragraphs 6.27, 6.28, 6.30, 6.33 and 6.34, Section VI. of these Procurement Regulations.
- g) **Evaluation of Technical Proposals** - the evaluation of the technical proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;
- h) **Communications of results:**
  - i. once the evaluation of technical proposals is complete the Borrower shall inform all firms who submitted proposal of their score and whether they met the minimum qualifying technical score specified in the RFP;
  - ii. the Borrower shall simultaneously notify the firms that have met the technical proposal requirements of when the financial proposal shall be opened.
- i) **Financial Proposals Opening:**
  - i. Financial proposals shall not be opened earlier than seven (7) Business Days from the communication of technical evaluation results to the consultants.
  - ii. the Borrower shall conduct the opening of the financial proposals in the presence of the firms who submitted proposals and wish to attend.
  - iii. the Borrower shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all firms who submitted proposals.
- j) **Evaluation of Financial Proposals** - shall meet the requirements indicated in the request for proposals document;
- k) **Combined Quality and Cost Evaluation** - shall meet the requirements of the request for proposals document;

## World Bank Procurement Regulations for Borrowers

- l) **Negotiations** – Negotiations shall include discussions of the TOR, the methodology, Borrower's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract;
- m) **Notification of Intention to Award and Standstill Period** – as per paragraphs 6.50 and 6.51, Section VI. of the Procurement Regulations.
- p) **Award of Contract and Publication of Contract Award** – shall meet the requirements of paragraphs 6.45 and 6.56, Section VI. of these Procurement Regulations; and
- n) **Debriefing** – as per paragraphs 6.57-6.63, and 6.64, Section VI. of these Procurement Regulations.

### Procedures for Using a Quality Based Selection Process

#### 4.3 Quality Based Selection Process:

- a) **Request for Proposals Document** – prepare the RFP using the Bank's Standard Request for Proposals Document;
- b) **Proposal preparation period** – the Borrower shall allow sufficient time for the firms to prepare their proposals depending on the nature and complexity of the assignment;
- c) **Letter of invitation to submit proposals** – the Borrower's shall issue the letter of invitation to submit proposals along with the RFP to all the shortlisted firms;
- d) **Clarifications and Amendments** – shall meet the requirements of paragraph 6.20, Section VI. of these Procurement Regulations ;
- e) **Proposal Submission** – the Borrower shall choose between the following two (2) alternatives:
  - i. the technical and financial proposals shall be submitted at the same time in two (2) separate and sealed envelopes; or
  - ii. only the technical proposal shall be submitted and after evaluating the technical proposals, the Borrower shall request the firm with the highest ranked technical proposal to submit a detailed financial proposal for negotiations.
- f) **Technical Proposal Opening:**
  - i. the Borrower shall conduct the opening of only the technical proposals received by the deadline for the submission of proposals.
  - ii. shall meet the requirements of paragraphs 6.27, 6.28, 6.30, 6.33 and 6.34, Section VI. of these Procurement Regulations.
- g) **Evaluation of Technical Proposals** - the evaluation of the technical proposals shall be in accordance with the evaluation criteria specified in the request for proposals document.
- h) **Communications of Results** - the Borrower shall:



## World Bank Procurement Regulations for Borrowers

- i. notify the consulting firm that has the highest score for the technical proposal as to when the financial proposal shall be opened or when to submit the financial proposal
  - ii. simultaneously inform the other firms who submitted proposals of their scores;
- i) **Financial Proposals Opening (if technical and financial proposals have been submitted):**
  - i. Financial proposals shall not be opened earlier than seven (7) Business Days from the communication of technical evaluation results to the consulting firms.
  - ii. the Borrower shall conduct the opening of the financial proposal of the consulting firm with the highest ranking technical proposal in the presence of the firms who submitted proposals and wish to attend.
  - iii. the Borrower shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted proposals.
- j) **Financial Proposals Opening (if only technical proposal was initially invited):**
  - i. Invitation for to the highest technically evaluated firm to submit financial proposals shall not be earlier than seven (7) Business Days from the communication of technical evaluation results to the consultants.
  - ii. Negotiate the financial proposal submitted by the highest technically evaluated firm.
- k) **Evaluation of Financial Proposals and Negotiations** – the Borrower shall evaluate the financial proposal and negotiate the final contract;
- l) **Notification of Intention to Award and Standstill Period** – as per paragraphs 6.50-6.51, Section VI. of these Procurement Regulations.
- m) **Award of Contract and Publication of Contract Award** – the Borrower shall publish the contract award information in its website of free access if available, or in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, and on UNDB online, and inform directly to firms that submitted proposals. The Borrower shall implement a standstill period in accordance with paragraph 6.46-6.48, 6.50 and 6.51, Section VI of the Procurement Regulations.
- n) **Debriefing** – as per paragraphs 6.57-6.63 and 6.64, Section VI of the Procurement Regulations.

WORKING DRAFT

## Annex XIII Competitive Dialogue

### 1. PURPOSE

- 1.1 This annex describes the procedures for competitive dialogue.

### 2. REQUIREMENTS

- 2.1 Competitive Dialogue is a particular type of selection arrangement that uses an interactive multi-stage procurement process and that may be used in case of complex or innovative procurement.
- 2.2 Competitive Dialogue allows the Borrower to enter into dialogue with pre-qualified firms/joint-ventures, with the aim to better identify and define the means best suited to satisfy the Borrower's requirements before inviting the firms to submit their full and final proposals. The Borrower shall justify in the Project Procurement Strategy for Development (PPSD) that Competitive Dialogue is the most suitable selection arrangement for that procurement activity.

### 3. UNDERTAKING A COMPETITIVE DIALOGUE SELECTION ARRANGEMENT

- 3.1 The Competitive Dialogue selection arrangement shall only be used for complex or innovative procurement where the Borrower:
- a) is not objectively able to define the technical specifications and scope to satisfy its requirements; (and/or)
  - b) is not objectively able to specify the legal and/or financial arrangements of the procurement; and
  - c) has identified a third party probity assurance provider acceptable to the Bank.
- 3.2 The procurement process shall normally include the following phases.

#### Phase 1 – Pre-qualification

Step 1: issuance of prequalification document in accordance with the Bank procedures for prequalification of firms/joint-ventures for Competitive Dialogue. The Borrower shall specify in the Competitive Dialogue pre-qualification document the criteria/methodology to be applied to pre-qualify firms/joint ventures;

Step 2: receipt of prequalification applications; and

Step 3: evaluation of prequalification applications to identify firms to be invited for Phase II - competitive dialogue.

# World Bank Procurement Regulations for Borrowers

## Phase 2 – Competitive Dialogue

Step 1: issuance of competitive dialogue request for proposals document in accordance with the Bank's Standard Request for Proposals Document to the prequalified firms/joint-ventures;

Step 2: Borrower holds separate meetings with each of the prequalified firms/joint-ventures in order to discuss all aspects of their proposal;

Step 3: submission of interim deliverables/solutions (if defined in the request for proposals document) by the prequalified firms/joint-ventures for Borrowers review and feedback in order to enable them to submit an acceptable final proposal; and

Step 4: formal closure of the dialogue phase when the solution to the Borrowers requirement is identified.

## Phase 3: Final Proposal Submission

Step 1: issuance of the invitation to submit final proposals in accordance with the Bank's Standard Request for Proposals Document;

Step 2: receipt and evaluation of the final proposals;

Step 3: clarifications, if needed within the scope specified in the request for proposals document; and

Step 4: selection of most advantageous proposal for contract award as per criteria specified in the request for proposals document.

## 4. DIALOGUE PROCEDURES AND CONSIDERATIONS

4.1 The dialogue consists of confidential clarifications meetings with the pre-qualified firms/joint-ventures to discuss all aspects of the proposal submitted, including price:

- a) The objective of the meetings is for the Borrower to engage in a clarification process with each prequalified firm/joint-ventures to identify appropriate technical aspects or contractual terms and conditions to clarify any aspects of the prequalified firms/joint-ventures proposals. The outcome of the clarification meetings may be incorporated in amendments to the request for proposals document to be issued for the final submission;
- b) Interim deliverables, to confirm and test the understanding of the prequalified firms/joint-ventures of the requirements and to fine tune the proposal, may be required if defined in the request for proposals document. If a progressive elimination of prequalification firms/joint-ventures will take place based on the review of the interim deliverables/solutions, the criteria/methodology shall be specified in the request for proposals document;

## World Bank Procurement Regulations for Borrowers

- c) The invitation to participate in the dialogue phase shall restate the needs and requirements, describe the dialogue process, and the award criteria for the final proposal;
- d) The number of meetings with each prequalified firms/joint-ventures, is determined by the Borrower based on its need to clarify information included in the proposal by the prequalified firm/joint-venture. The Borrower shall determine when further meetings are not necessary with a prequalified firm/joint-venture and communicate this decision to the shortlisted firm;
- e) The Borrower shall not provide information in a discriminatory manner which may give some firms/joint-ventures an advantage over others;
- f) Firms/joint-ventures shall identify and agree with the Borrower which part of their proposal are specific to them and must be treated confidential;
- g) The Borrower shall not disclose to the other firms/joint-ventures solutions proposed or any commercially confidential information communicated by a firm/joint-venture in the dialogue without that firm's/joint-ventures prior consent;
- h) The Borrower shall not use a firm's/joint-ventures commercially confidential information to enhance other proposals;
- i) The clarification meetings shall be attended by an independent third party probity assurance provider selected by the Borrower and acceptable to the Bank to ensure that a competitive process takes place and that no undue advantage is given to any of the firms/joint-ventures as result of these meetings;
- j) The Borrower shall prepare confidential minutes of the meetings it has with each prequalified firm/joint-venture which shall be communicated to the respective prequalified firm/joint-venture as part of the invitation to submit final proposals. The minutes shall not form part of the final request for proposals document; and

### Final Proposal Submission Stage

#### 4.2 Final Proposal Submission procedures:

- a) Once the Borrower has declared that the dialogue is closed, the Borrower shall make appropriate amendments to the request for proposals document to be used in the final proposal submission stage;
- b) The final proposals shall be received, clarifications conducted if necessary , and the evaluation of the final proposals shall be carried out as per the criteria described in the request for proposals document;
- c) the Borrower shall select the most advantageous proposal for contract award as per award criteria included in the request for proposals document; and
- d) no negotiations are allowed after the dialogue phase is concluded.

WORKING DRAFT

## Annex XIV Public Private Partnership

### 1. PURPOSE

- 1.1 The purpose of this annex is to outline the requirements to be met by Borrowers for the selection of the private partner in Public-Private Partnership (PPP) arrangements financed by the Bank.

### 2. REQUIREMENTS

- 2.1 In a PPP arrangement, the Borrower shall undertake the following project phases:
- a) project assessment;
  - b) project structuring;
  - c) selection of the private partner; and,
  - d) contract management.
- 2.2 The Borrower shall demonstrate that there is adequate institutional capacity to prepare, structure, procure and manage the PPP project.

### 3. PROJECT ASSESSMENT: BUSINESS CASE AND FEASIBILITY REQUIREMENTS

#### Identification

- 3.1 The proposed PPP component of the project shall have been identified as a priority public investment project and/or derived from approved national infrastructure plan/ sector program.

#### Feasibility Considerations

- 3.2 The Borrower shall have conducted suitable economic and financial analysis to confirm:
- a) whether the underlying project is adequately justified, on the basis of a sound and quantified economic analysis the project presents best VfM, i.e., is cost-benefit justified, and the approach to delivering the benefits, considering the relevant technical, legal, financial and environmental constraints, irrespective of implementation as a PPP or through other public sector procurement;
  - b) whether the project's overall revenue requirements are within the capacity of users, the public authority, or both, to pay for the infrastructure service;
  - c) That the project risks were identified and assessed and that mitigation measures were considered, and that the residual fiscal risk will not jeopardize fiscal sustainability;

## World Bank Procurement Regulations for Borrowers

- d) That the chosen PPP scheme (i.e., risk-allocation matrix, pay and performance mechanism) resulted from the consideration of alternative PPP schemes and other procurement options;
  - e) The commercial viability, that is, whether the project is likely to be able to attract good-quality sponsors and lenders by providing robust and reasonable financial returns.
- 3.2 An independent review and third party assurance of the inputs, assumptions and results shall be included for consideration that is acceptable to the Bank.

### 4. PROJECT STRUCTURING: PPP STRUCTURE REQUIREMENTS

#### a) Output Specification

- 4.1 The Borrower shall ensure that output requirements are included and the output specifications include:
- a) clear performance targets and output requirements that are specific, measurable, achievable, realistic, and time bound;
  - b) how performance will be monitored, including roles for the government's contract management team, the private partner, external monitors, regulators, and users; and
  - c) the consequences for failure to reach the required performance targets, clearly specified and enforceable.

#### b) Risk Allocation

- 4.2 Based on the contractual provisions, a risk matrix shall be presented by the Borrower to the Bank, exhaustively listing project risks and their appropriate allocation to the contractual parties or to third parties are made efficiently.

#### c) Performance Payment Mechanism

- 4.3 The Borrower shall develop a payment and performance mechanism that sets out the principle of performance-based payments upon meeting the provision of contractual assets and service at the agreed service level and service schedule.

### 5. SELECTION OF THE PRIVATE PARTNER

- 5.1 The Borrower selects the private partner using a competitive selection method consistent with the Approved Selection Methods set forth in the Procurement Regulations. Exceptionally, the Bank may agree to a non-competitive selection process.
- 5.2 PPP activities whose procurement processes have been initiated or contracts have been awarded may be financed by the Bank, if the Bank is satisfied with the project justification, feasibility, PPP structure requirements, contract arrangements and the consistency of the selection process for the private partner with the Bank's Core Procurement Principles and the provisions set forth in Section III. C (Conflict of Interest), E (Eligibility), and H (Fraud and Corruption), of these Regulations Procurement.



# World Bank Procurement Regulations for Borrowers

## Unsolicited Proposals

- 5.3 The Bank may agree to finance PPP projects initiated from unsolicited proposals. Unsolicited proposals arise when a firm approaches the Borrower with a new project proposal. 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.
- 5.4 When an unsolicited proposal is accepted for a competitive selection process, the Borrower may use one of the following approaches in allowing the firm that submitted the unsolicited proposal to participate in the process:
- a) 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.
  - b) The firm is granted an advantage in the process, such as a point bonus in the evaluation or a guaranteed access to the second stage of a two-stage process. This advantage shall be disclosed in the bidding/request for proposals document and defined in such a way that it does not prevent effective competition.

## 6. CONTRACT MANAGEMENT

- 6.1 The Borrower shall diligently manage the implementation of a PPP contract.
- 6.2 The Bank requires that the Borrower submit a Contract Management Plan. For details see Annex XI, Contract Management.

WORKING DRAFT

### Annex XV Framework Agreements

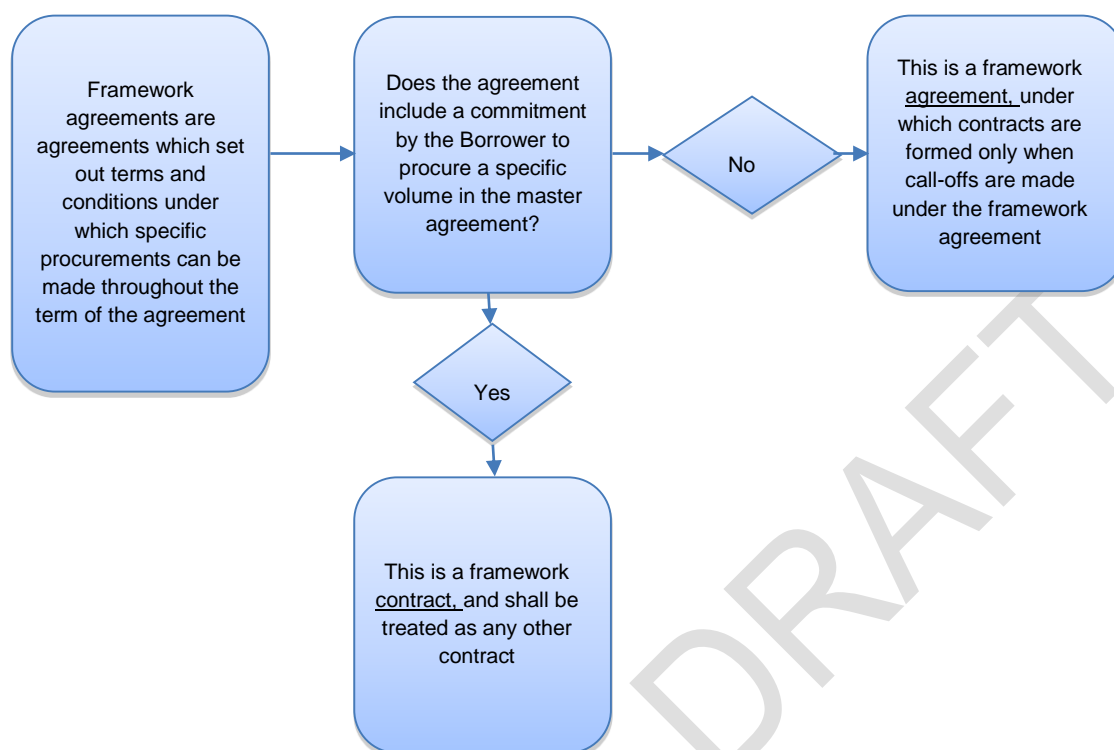
#### 1. PURPOSE

- 1.1 This annex lists the minimum requirements for establishing framework agreements for contracts financed by the Bank. Such agreements may be existing Borrower framework agreements to be used in IPF operations, or they may be established by the Borrower for an IPF operation.

#### 2. REQUIREMENTS

- 2.1 New Framework Agreements (FAs) to be established by the Borrower for IPF operations shall be carried out using selection methods consistent with the Approved Selection Methods set forth in the Procurement Regulations.
- 2.2 With respect to pre-existing Borrower's FAs to be used under IPF, the Bank shall be satisfied that the agreement was established consistent with the Bank's Core Procurement Principles.
- 2.3 A framework agreement shall include the agreed terms and conditions under which the goods, small works, non-consulting services and consulting services will be provided by the panel members.
- 2.4 For each procurement under a framework agreement, a firm or individual shall be selected from the panel using the secondary procurement process called a call-off. The selected firm or individual shall be engaged under a purchase order or equivalent as defined in the call-off process.
- 2.5 The bidding/request for proposals document for establishment of new FAs shall include the following information:
  - a) The method the Borrower will use to award contracts under the framework agreements among the FA members (the call-off process);
  - b) That the framework agreement is not an exclusive agreement and the Borrower reserves the right to include non-panel members in procurement opportunities for similar goods, works, non-consulting services and consulting services, as appropriate; and
  - c) That the Borrower will engage panel members as required and no commitment will be made with regard to possible volume of goods, works, non-consulting services or consulting services. Where there is a commitment of volume then the arrangement becomes a Framework Contract. See Figure below.

## World Bank Procurement Regulations for Borrowers



- 2.6 Any framework agreement shall be limited to a period of three (3) years with a right of renewal for a further two (2) years if the initial engagement has been satisfactory. The panel shall be a closed agreement and the constitution of the panel shall remain unchanged during the contract term. The removal of panel members is regulated by the terms of the contract.
- 2.7 Fees, charge rates, and any other associated costs shall be agreed to either in the framework agreement and be valid for the term of the agreement, or in the call-off process as appropriate by requesting a quotation for the statement of work or purchase order.
- 2.8 The call-off processes shall take one of the following forms:
- a) seeking quotes or brief proposals from all panel members;
  - b) an alternating or revolving system between panel members; and
  - c) a selective procurement approach based on expertise.
- 2.9 As part of the call-off process, firms or individuals shall be given a description of the scope of supply, work or non-consulting or consulting services that they will be expected to provide. The statement of work or purchase order to be issued as part of the call-off process shall specify the objectives, tasks, deliverables and timeframes.

## **Annex XVI**

### **Letter of Acceptance**

### **World Bank's Anti-Corruption Guidelines**

Date: \_\_\_\_\_

Invitation of Bids/Proposals No. \_\_\_\_\_

To: \_\_\_\_\_

We, along with any subcontractors, sub-consultants, service providers, suppliers and agents (whether declared or not) for any part of the contract, and our respective personnel, acknowledge and agree to abide by the World Bank's policy regarding Fraud and Corruption (corrupt, fraudulent, collusive, coercive and obstructive practices) as set out and defined in the World Bank's Anti-Corruption Guidelines<sup>4</sup>.

We declare and warrant that we, along with any subcontractors, sub-consultants, service providers, suppliers and agents (whether declared or not), and our respective personnel, are not subject to, -and are not controlled by any entity or individual that is subject to- a temporary suspension, early temporary suspension or debarment imposed by a member of the World Bank Group, including, inter alia, a cross-debarment imposed by the World Bank Group as agreed with other international financial institutions (including multilateral development banks), or through the application of a World Bank Group finding of non-responsibility on the basis of fraud and corruption in connection with World Bank Group corporate procurement. Further, we are not ineligible under the laws or official regulations of *[Insert name of Employer as per bidding document]* or pursuant to a decision of the United Nations Security Council;

We declare and warrant that we, along with any subcontractors, consultants, sub-consultants, service providers, suppliers and agents (whether declared or not), and our respective personnel, will observe the highest standard of ethics in connection with the procurement and execution of the contract (in the case of award), including any amendments thereto, as applicable.

We confirm our understanding of the consequences of not complying with the World Bank's Anti-Corruption Guidelines which may include the following:

- a) Rejection of our proposal/bid for award of contract;
- b) In the case of award, termination of the contract, without prejudice to any other remedy for breach of contract;
- c) Sanctions in accordance with prevailing World Bank Group sanctions procedure<sup>5</sup>, including a public declaration of ineligibility, either indefinitely or for a stated period of time,

<sup>4</sup> Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development Loans and the International Development Agency credits and Grants", dated October 15, 2006, and revised in January 2011, as they may be revised from time to time.

<sup>5</sup> The World Bank's sanctions procedures are publicly disclosed on the World Bank's external website. Drafting note: this reference will be updated once the WB Sanctions Framework is approved.

## World Bank Procurement Regulations for Borrowers

to: (i) participate in a Procurement Process<sup>6</sup>, including, without limitation, competing for or being awarded a Bank-financed contract; and being a sub-contractor, sub-consultant, service provider, or supplier of an otherwise eligible firm or individual that has been selected for award or is executing a Bank-financed contract; and (ii) to otherwise benefit from a Bank-financed contract.

We understand that we may be declared ineligible as set out above upon (i) completion of World Bank Group sanctions proceedings as per its prevailing sanctions procedures; (ii) cross-debarment as agreed with other international financial institutions (including multilateral development banks); (iii) through the application of a World Bank Group finding of non-responsibility on the basis of fraud and corruption in connection with World Bank Group corporate procurement; or (iv) as a result of temporary suspension or early temporary suspension in connection with an ongoing World Bank Group sanctions proceeding. For avoidance of doubt, the foregoing effects of ineligibility do not extend to a sanctioned firm's or individual's performance of its ongoing Bank-financed contracts (or its ongoing sub-agreements under such contracts) that are not the subject of a material modification, as determined by the Bank.

We shall permit, and shall cause any subcontractors, sub-consultants, service providers, suppliers and agents (whether declared or not), as well as our respective personnel, to permit the Bank to inspect all accounts, records and other documents relating to the Procurement Process and to have them audited by auditors appointed by the Bank. Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information.

We agree to preserve all accounts, records and other documents (whether in hard copy or electronic format) related to the procurement and execution of the contract.

Name of the Bidder/Consultant

Name of the person duly authorized to sign the Bid/Proposal on behalf of the Bidder/Consultant

Title of the person signing the Letter

<sup>6</sup> The Procurement Process starts with the identification of a need and continues through planning and market research, functional or specification requirements writing, budget considerations, selection, contract award, and contract management. It ends on the last day of the last warranty.