PROCUREMENT REGULATIONS FOR BORROWERS

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]
# Acronyms

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<td>The Bank’s Anti-Corruption Guidelines</td>
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<td>BAFO</td>
<td>Best and Final Offer</td>
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<td>BOOT</td>
<td>Build, Own, Operate and Transfer</td>
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<td>BOT</td>
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<td>International Bank for Reconstruction and Development</td>
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<td>International Development Association</td>
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<td>INT</td>
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I. INTRODUCTION

VISION

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

PURPOSE

1.2 The World Bank Procurement Regulations for Borrowers (the “Procurement Regulations”) governs the procurement of goods, works, non-consulting services and consulting services for Bank Investment Project Financing (IPF).

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 cost 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 Borrowers, sub-Borrowers (and other beneficiaries of Bank financing), suppliers, bidders, contractors, sub-contractors, consultants, sub-consultants, any agents (whether declared or not), and any personnel thereof, to observe the highest standard of ethics during the procurement and execution of Bank-financed contracts, and to refrain from fraud and corruption. For further details see Annex IV, Fraud and Corruption.

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 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.
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: (i) Bank Guarantees; and (ii) 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 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 Borrower’s request, the Bank may agree to rely on and refer 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 Regulations; and

c) ensure that the Bank’s Anti-Corruption Guidelines (ACG) 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.
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 World 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 the project are governed by the selection documents, and by the contracts signed by the Borrower with the providers of goods, works, non-consulting services, and consulting services, and not by these 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 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 procurement audits. For further details see Annex II, Procurement Oversight.

A.2.1 PRIOR AND POST REVIEW

3.7 As part of its procurement oversight, the Bank carries out prior review and post review.

3.8 The Bank carries out prior reviews of procurement activities that are high-value and/or high risk. Prior reviews seek to determine whether the procurement process complies with the requirements of the Legal Agreement.
3.9 Post reviews examine 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 as per the Terms of Reference (ToR) provided to it by the Bank.

3.10 The determination of whether a procurement process shall be 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. 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 are carried out when the World Bank determines the need based on its assessment of risk. The reviews are carried out by the Bank to complement prior and post review procedures. The reviews are performed by third parties appointed by the World Bank.

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, bid/proposal evaluation, 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 If the Borrower has limited institutional procurement capacity for the proposed IPF operation, the Bank may agree to provide the Borrower with hands-on expanded implementation support at various stages of the Procurement Process. This may include hands-on support in:

   a) drafting procurement documents;
   b) assisting with 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. Except for projects in situations of urgent need of assistance or capacity constraints, 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 firms and individuals of high quality is critical to achieve effective competition and value for money through procurement processes.

3.16 Firms and individuals participating in procurement in Bank IPF are responsible for complying with the requirements of the selection documents.

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 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

C.1 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 in a procurement process 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 selection 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 Selection Documents relevant to the specific procurement process.

C.2 Consulting Services

3.22 The Bank requires that consultants provide professional, objective, and impartial advice and at all times hold the client’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 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.3 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.

D. One Bid/Proposal per Bidder/Consultant

3.24 Goods, Works and Non-consulting Services: 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 subcontractor 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 Selection Documents.

3.25 Consulting Services: 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 selection documents.

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.

3.28 As exceptions to the foregoing paragraphs 3.26 and 3.27:

   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 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) may be eligible to compete and be awarded contracts in their 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 by the Bank in accordance with Annex IV, Fraud and Corruption, of these Procurement Regulations and the Bank’s Anti-Corruption Guidelines and sanctions regime, is ineligible to participate in a Procurement Process for a World-Bank-financed contract, or to be awarded or otherwise benefit from a Bank-financed contract; and/or to be a sub-contractor, sub-consultant, service provider, or supplier of an otherwise eligible firm being awarded a Bank-financed contract, during such period of time as the Bank determines.

f) If requested by the Borrower, the Bank may agree that in Bank financed contracts, the selection documents 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 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. NON-COMPLIANCE

3.29 In addition to the legal remedies set out in the relevant Legal Agreement, the Bank may take other appropriate actions, including mis-procurement, if it concludes that the Borrower
has not complied with a procurement requirement set out in the Legal Agreement, including that a contract:

a) 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) could not be awarded, in accordance with (a) above, to the bidder/consultant otherwise determined successful due to wilful 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) 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 further details see Annex III, Procurement Related Complaints.

H. FRAUD AND CORRUPTION

3.32 The Bank requires compliance with the Anti-Corruption Guidelines and sanctions regime in regards to Fraud and Corruption. For further details see Annex IV, Fraud and Corruption.
IV. PROJECT PROCUREMENT STRATEGY FOR DEVELOPMENT AND PROCUREMENT PLAN

4.1 The Bank requires the Borrower to develop a Project Procurement Strategy for Development (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 value for money under a risk-managed approach. The PPSD 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 at the project level, the PPSD and the Procurement Plan. 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 to be prepared by the Borrower, as part of the project preparation process, and shall be reviewed and agreed to before completion of financing 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. For further details see Annex V, Procurement Strategy for Development.
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 open international competitive procurement, as agreed in the Procurement Plan, and set forth in the selection documents, 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 For further details see Annex VI, Domestic Preference.

C. ELECTRONIC PROCUREMENT (E-PROCUREMENT)

5.4 Borrowers may utilize electronic systems for distributing selection 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

5.5 If stated in the Legal Agreement, 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 Bank IPF.
E. JOINT VENTURES AND ASSOCIATIONS

5.6 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

5.7 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. PROCUREMENT OF SECOND HAND GOODS

5.8 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 Project Procurement Strategy for Development 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.

H. 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 further details see Annex VII, Sustainable Procurement.

I. 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 selection documents and agreed by the Bank.
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 value for money 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 further 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 further details, see Annex IX, Contract Conditions.

C. STANDARDS

6.3 Standards and technical specifications in selection documents 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 selection documents shall state that equipment, material, or workmanship meeting other standards, which are at least substantially equivalent to the specified standards, shall also be accepted.

D. USE OF BRAND NAMES

6.4 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 reference. The specification shall permit the acceptance of offers for goods which have similar characteristics and which provide performance at least substantially equivalent to those specified.

E. CURRENCY

6.5 In international procurement, selection documents 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, they 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).

6.6 Payment of the contract price shall be made in the currency or currencies of the bid/proposal.

F. PRICE ADJUSTMENTS

6.7 Selection documents 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 further details see Annex IX, Contract Conditions.

G. LANGUAGE

6.8 For International 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 selection documents 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.

6.9 For international 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 documents (English, French, or Spanish). An accurate translation shall also be furnished to the Bank for any subsequent modifications of such contracts.

6.10 For national procurement, procurement documents may be in the National Language. In cases where 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 any of English, French or Spanish.

6.11 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.

H. CONFIDENTIALITY

6.12 Without prejudice to the principle of transparency, and/or other obligations pursuant to these 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, and which they have marked as confidential or proprietary information, including but not limited to trade secrets, and commercial or financial information.

6.13 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.

I. COMMUNICATIONS

6.14 Communications between bidders/consultants and the Borrower during the different stages of the procurement process shall be in writing with proof of receipt. However communications, such 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.

J. PUBLICATION OF PROCUREMENT OPPORTUNITIES

6.15 Timely notification of procurement opportunities is essential in competitive procurement. A General Procurement Notice (GPN) is required for all procurement financed by the Bank expected to involve international competitive procurement (except in case of 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 widely used electronic portal with free national and international access or website where the subsequent Specific Procurement Notices (SPN) will be posted. If known, the scheduled dates for the specific procurement opportunities should also be indicated.

6.16 All procurement notices, as per the applicable selection method, shall be advertised as a Specific Procurement Notice (SPN), in at least one newspaper of national circulation in the Borrower’s country; or in the official gazette; or on the Borrower’s widely used website or electronic portal with free access. For international competitive procurement, the advertisement shall also be in the UNDB online and, if appropriate, in an international newspaper of wide circulation. In addition, the Bank will arrange the simultaneous publication in its external webpage.

K. PROCUREMENT DOCUMENTS

6.17 For international competitive procurement, the Borrower shall use the Bank’s Standard Procurement Documents. For procurement involving national competition, the Borrower may use its own procurement documents, acceptable to the Bank.
6.18 The Bank’s Standard Procurement Documents may be found in its external website: www.worldbank.org/procurement/standarddocuments.

L. CLARIFICATION OF SELECTION DOCUMENTS AND AMENDMENTS

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

M. BID/PROPOSAL PREPARATION PERIOD AND SUBMISSION

6.20 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 international competitive procurement, unless otherwise agreed with the Bank. For complex procurement, the Borrower may arrange a pre-bid/pre-proposal conference whereby potential bidders/consultants may meet with Borrower representatives to seek clarifications. The Borrower should also provide reasonable access to project sites for prospective bidders.

6.21 The deadline and place for receipt of bids/proposals shall be specified in the SPN and the selection documents. 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.

N. BID/PROPOSAL OPENING

6.22 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 selection documents and/or the SPN.

6.23 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.

6.24 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.

6.25 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.

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.

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

a) open the financial proposals of the bidders/consultants that met the minimum qualifying technical requirements in public.

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.

c) the financial bids/proposals of firms whose technical proposals did not meet the minimum qualifying technical requirements or were considered nonresponsive, shall be returned unopened after the signature of the contract.

6.27 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 single stage – two envelope above.

6.28 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.

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

O. LATE BIDS/PROPOSALS

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

P. EVALUATION CRITERIA

6.31 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 Project Procurement Strategy for Development and/or the Activity Procurement Strategy, as appropriate, and shall be clearly specified in detail in the selection documents. For further details see Annex X, Evaluation Criteria.

Q. REJECTION OF BIDS/PROPOSALS

6.32 Rejection of all bids or proposals may be justified when effective competition is lacking, all bids or proposals are not substantially responsive to the requirements of the selection documents, 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 to market values. If all bids or proposals are rejected, the Borrower shall review the causes justifying the rejection of all bids or proposals and make appropriate revisions to the selection documents before requesting new bids or proposals.

6.33 All bids/proposals shall not be rejected and new bids/proposals invited using the same selection documents solely for the purpose of obtaining 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 reallocation of risk and responsibilities which can be reflected in a reduction of the contract price. However, substantial reduction in the scope or modification to the contract documents may require rebidding.

6.34 If the bid, which results in the Most Advantageous Bid, is seriously unbalanced or front loaded in the opinion of the Borrower, the Borrower may require the Bidder to produce detailed price analyses to demonstrate the consistency of those prices with the scope of works, proposed methodology and schedule.

6.35 After evaluation of the price analyses, 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.

R. ABNORMALLY LOW BIDS

6.36 An abnormally low bid is one where the price in relation to the scope of works, proposed methodology, schedule, allocation of risks and responsibilities for the procurement raises material concerns with the Borrower in regards to the ability of the bidder to perform the contract successfully.

6.37 If abnormally low bids are to be identified during the evaluation of bids, provision for the identification and treatment of abnormally low bids shall be included in the selection documents. If such a bid is identified, the Borrower shall investigate and seek clarifications from the bidder to produce detailed price analyses for its bid/proposal prices in correlation with the scope of works, proposed methodology, schedule, allocation of risks and responsibilities. The bidder is not permitted to withdraw its bid/proposal in lieu of providing the required clarifications and price analyses.

6.38 After evaluation of the price analyses presented for justification of the abnormally low bid, 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.

S. CONTRACT AWARD

6.39 The Borrower shall award the contract to the bidder/consultant meeting the qualification requirements and offering the most advantageous bid/proposal, determined as follows:

a) when rated criteria are not used, to the bidder who meets the qualification criteria and whose bid has been determined (i) to be substantially responsive to the selection documents, and (ii) to offer the lowest evaluated cost.

b) When rated criteria are used, to the bidder/consultant who submits the best evaluated bid/proposal.

T. STANDSTILL PERIOD

6.40 Except as set forth in 6.41 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.

6.41 Sub-paragraph 6.40 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;

c) competition between firms selected under framework agreements; and

d) emergency situations declared by the Borrower.
U. NOTIFICATION OF THE INTENTION TO AWARD AND THE AWARD OF CONTRACT WHEN STANDSTILL APPLIES

For Goods, Works and Non-Consulting Services

6.42 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. In the case of framework agreements, the Borrower shall promptly notify in writing to each bidder that submitted a bid/proposal of its intention to conclude a framework agreement.

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 selection documents and in accordance with the requirements of these 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

6.43 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.

6.44 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;

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 selection documents and in accordance with the requirements of these Regulations. The standstill period shall run from the date of the transmission of the notice under this paragraph to all consultants that submitted proposals.

Complaints received during the Standstill Period

6.45 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.

6.46 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.

V. NOTIFICATION OF AWARD

For Goods, Works, Non-Consulting Services

6.47 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, along with other documents as specified in the selection documents for the procurement activity.

For Consulting Services

6.48 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.
W. PUBLICATION OF CONTRACT AWARD NOTICE

6.49 The Borrower shall publish the Contract Award Notice for contracts subject to the Bank’s prior review within fourteen days from (i) the expiry of the standstill period (if no complaints are received) or (ii) 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, this publication requirement applies only to the award of the framework agreement and not to call-offs under the framework agreement. The information shall be published in the Borrower’s widely used website or electronic portal or other media acceptable to the Bank, with free national and international access, and in the case of international competitive procurement, shall also be published 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.

X. DEBRIEFING BY THE BORROWER TO UNSUCCESSFUL BIDDERS AND CONSULTANTS

6.50 An unsuccessful bidder or consultant shall be debriefed and provided the basis for the selection decision and the intention to award the contract or conclude the framework agreement. The debrief shall be provided following its written request being 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. The Borrower is not required to consider a request for debriefing received after the standstill period, provided that the standstill period is at least ten (10) days from the date of notifying bidders of the intention to award.

6.51 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.

6.52 At a minimum, the debriefing information shall include:

a) the Borrower’s evaluation of the significant weaknesses or deficiencies in the bidder/consultant’s bid/proposal, if applicable;

b) the overall evaluated cost or price and technical rating of the debriefed bidder/consultant; and

c) a summary of the rationale for award of the contract or to conclude the framework agreement.

6.53 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 paragraph V.(6.12 - 6.13), including:

a) trade secrets; and
b) commercial or financial information.

6.54 An official summary of the debriefing shall be included in the procurement records.

Y. DEBRIEFING BY THE BANK

6.55 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.

Z. CONTRACT MANAGEMENT

6.56 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 further details see Annex XI, Contract Management.

AA. RECORDS

6.57 Borrowers shall keep records of all proceedings of the procurement process in accordance with the requirements of the Legal Agreement.
VII. APPROVED SELECTION METHODS AND ARRANGEMENTS FOR GOODS, WORKS AND NON-CONSULTING SERVICES

7.1 Table 1. Provides an overview of the all approved selection methods and the arrangements available to the different methods in procurement financed by the Bank. For further details on the approved selection methods and the particular types of approved selection arrangements see Annex XII, Selection Methods.
Table 1. Selection Methods for Goods, Works and Non-Consulting Services

<table>
<thead>
<tr>
<th>Approved Selection Methods</th>
<th>Market Approach Options</th>
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<td>Goods, Works and Non-Consulting Services</td>
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<td>Approved Selection Methods</td>
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<td>Request for Proposals</td>
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<td>Request for Quotations</td>
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<td>Direct Selection</td>
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<td>Commercial Practices</td>
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<td>UN Agencies</td>
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<td>Non-Profit Organizations</td>
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<td>E-Auctions</td>
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<td>Imports</td>
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<td>Commodities</td>
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<td>Community Driven Procurement</td>
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<td>Force Accounts</td>
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</tbody>
</table>

☐: Market Approach Option

**May be either one or two envelopes
A. APPROVED SELECTION METHODS

A.1 REQUESTS FOR BIDS (RFB)

7.2 A Request for Bids is a competitive method for the solicitation of bids for goods, works or non-consulting services that meet the requirements of the selection documents. It is intended to be used when the Borrower is able to fully specify the detailed requirements that enable firms to offer bids that meet the requirement of the selection documents. This method is not appropriate when rated type evaluation criteria are to be used. For further details see Annex XII, Selection Methods.

A.2 REQUEST FOR PROPOSALS (RFP)

7.3 A Request for Proposals is a competitive method used to procure goods, works or non-consulting services by soliciting proposals, which initially may or may not include price. It is intended to be used when due to the nature of the goods, works or non-consulting services to be provided, the Borrower is not able to clearly specify its requirements, thereby allowing firms to offer proposals that vary in the degree in which they meet the requirement of the selection documents. For further details see Annex XII, Selection Methods.

A.3 REQUESTS FOR QUOTATIONS (RFQ)

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

A.4 DIRECT SELECTION

7.5 Proportional, fit for purpose and value for money 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. For further details see Annex XII, Selection Methods.

A.5 COMMERCIAL PRACTICES

7.6 For non-repayable financing to private sector firms, the procurement for goods, works, and non-consulting services may be undertaken in accordance with established commercial practices that are acceptable to the Bank, and described in the operational manual for the project, if any.

B. MARKET APPROACH OPTIONS

B.1 OPEN COMPETITION

7.7 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 Project Procurement Strategy for Development and/or the Procurement Plan.

**B.2 LIMITED COMPETITION**

7.8 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**

7.9 Approaching the international market is appropriate for situations where the participation of foreign firms will increase competition and may assure the achievement of best value for money and fit for purpose results.

7.10 Open international competitive procurement is the preferred approach for complex, high-risk and/or high-value activities. The World Bank has set specific thresholds for this purpose.

**B.4 NATIONAL COMPETITION**

7.11 When approaching the national market, the country’s own procurement arrangements may be used, if they are acceptable to the Bank. 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;

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.

7.12 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.

7.13 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 selection documents shall require that bidders submitting bids/proposals present a signed acceptance of the World Bank’s anticorruption policies and sanctions regime including the World Bank’s right to audit;
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

7.14 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.

7.15 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 Selection Documents for prequalification.

7.16 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, or any other firm different from the firm that submitted the prequalification application/bid/proposal.

7.17 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

7.18 If bidders have not been prequalified, the Borrower shall specify appropriate qualification requirements in the Selection Documents to ensure that a bidder who would be recommended for contract award has the capability and resources to effectively carry out the contract.

B.7 SINGLE STAGE – ONE ENVELOPE

7.19 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

7.20 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

7.21 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 selection documents 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 selection method Request for Proposal shall be used.

B.10 BEST AND FINAL OFFER (BAFO)

7.22 Best and Final Offer 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 best and final offer. 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 ensure bidders are advised in the selection documents that a BAFO is planned, that bidders are not obliged to participate, and that there will be no negotiation after the BAFO. Its use is limited to international procurement under prior review.

B.11 NEGOTIATIONS

7.23 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 procurement subject to prior review.

7.24 Any negotiation shall be in accordance with the requirements of the selection documents. 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.

7.25 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 (Mandatory or Desirable) Evaluation Criteria**

7.26 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 selection documents. 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 selection documents. For further details see Annex X, Evaluation Criteria.

7.27 In international competitive procurement, rated type (mandatory, desirable or both) evaluation criteria shall only be used with RFPs.

7.28 In national competition, rated type (mandatory, desirable or both) evaluation criteria and procedures may be used with the prior agreement of the Bank.

**C. PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS**

**C.1 COMPETITIVE DIALOGUE**

7.29 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with bidders in cases of complex or innovative procurement. Competitive Dialogue requires Borrowers to hold confidential discussions with each bidder on all aspects of its proposal including indicative prices, before finalizing the first stage. For the final stage of Competitive Dialogue, selection documents may be amended and bidders requested to submit complete priced proposals. For further details see Competitive Dialogue, Annex XIII.

**C.2 PUBLIC PRIVATE PARTNERSHIPS (PPP)**

7.30 Public Private Partnerships (PPPs) are arrangements between public and private sector entities for the purpose of providing public infrastructure, and services normally provided by the public sector. Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners. Such partnerships generally involve the financing, design, construction, operation and maintenance of public infrastructure and services.

7.31 The Borrower shall select a private partner using the most appropriate procurement approach consistent with the Bank’s Core Procurement Principles. The approach may
include several stages to arrive at the optimal combination of evaluation criteria, such as the cost and magnitude of the financing offered, the performance specifications of the facility offered, the cost charged to the end-user, other income generated for the concessionaire or entrepreneur by the facility, and the period of the facility’s depreciation. The private partner selected in this manner then procures the goods, works, non-consulting services and/or consulting services required for the facility from eligible sources, using its own procedures. For further details see Annex XIV, Public Private Partnership.

C.3 UN AGENCIES

7.32 A UN agency 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. For further details see Annex XII, Selection Methods.

C.4 NON-PROFIT ORGANIZATIONS

7.33 Non-profit organizations such as Non-Governmental Organizations (NGOs) may be uniquely positioned to assist in the provision of goods, works and non-consulting services because of their involvement in and knowledge of local issues, community needs, and/or local presence with capability for quick delivery. For further details see the Annex XII, Selection Methods.

C.5 ELECTRONIC REVERSE AUCTIONS

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

C.6 IMPORTS

7.35 When the Legal Agreement provides for a program of imports, the requests for bids selection method with simplified advertising and currency provisions may be used. In this case, a General Procurement Notice is not required. For further details see the Annex XII, Selection Methods.

C.7 COMMODITIES

7.36 Market prices of commodities, such as grain, animal feed, cooking oil, fuel, fertilizer, and metals fluctuate depending upon the global demand and supply at any particular time. Procurement of commodities needs to use selection methods with special conditions necessary to operate in the commodities market. For further details see the Annex XII, Selection Methods.

C.8 COMMUNITY DRIVEN DEVELOPMENT (CDD)

7.37 Community driven development generally comprises the procurement of a large number of small value contracts for goods, works and non-consulting services. For further details see Annex XII, Selection Methods.
C.9 Force Accounts

7.38 Force account may be used when works such as construction, installation of equipment, or non-consulting services are carried out by a government department of the Borrower’s country using its own personnel and equipment. For further details see Annex XII, Selection Methods.

D. Particular Types of Contractual Arrangements

D.1 Framework Agreements (FAs)

7.39 A Framework Agreement is a long-term agreement with firms that sets out terms and conditions under which specific procurements can be made throughout the term of the agreement. FAs are generally based on prices that are either pre-agreed, or determined at a call-off stage (call for prices of a specific item among the preselected firms) through competition or a process allowing their revision without further competition. The selection of firms in a framework agreement must have followed a competitive procurement process, unless a single/sole source supply situation can be justified). Borrower’s framework agreement procedures may be used, if those procedures are acceptable to the Bank. Framework agreements are applicable for recurring procurement of:

a) goods that can be procured off the shelf, or that are of common use with standard specifications;

b) simple non-consulting services that may be required from time to time by the same agency (or multiple agencies) of the Borrower; or

c) Small-value works and those required under emergency operations.

7.40 For further details see Annex XV, Framework Agreements.

D.2 Performance Based Contracts

7.41 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.
## VIII. APPROVED SELECTION PROCEDURES AND METHODS FOR CONSULTING SERVICES

### Table 2. Selection methods for Consulting Services

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<th>Approved Selection Methods</th>
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<td>Selection Methods for Consulting Firms</td>
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<td><strong>Particular Types of Approved Selection Arrangements for Consultants</strong></td>
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<td>Non Profit Organizations (such as NGOs)</td>
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<td><strong>Selection Methods for Individual Consultants</strong></td>
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<tr>
<td>Direct Selection of Individual Consultants</td>
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*☐: Market Approach Option*
A. CONDITIONS FOR USE OF FIRMS

8.1 The provision of consulting services by firms shall be considered for assignments for which (a) a team of experts is required, (b) additional outside (home office) professional support is required, and (c) when administration and coordination are difficult due to the number of individuals required to provide the consulting services.

B. SELECTION PROCEDURE FOR FIRMS

B.1 SHORTLIST

8.2 A Specific Procurement Notice is published advertising the Request for Expression of Interest (REOI) that invites firms that offer consulting services that meet the requirements of the TOR to submit their expressions of interest. The submissions are then evaluated and used to determine a shortlist of firms that, in the opinion of the Borrower, are qualified to provide the consulting services required. For further details see Annex XII, Selection Methods.

B.2 REQUEST FOR PROPOSALS

8.3 The shortlisted firms are then invited to respond to the Request for Proposals using one of the selection methods described below.

C. APPROVED SELECTION METHODS FOR FIRMS

8.4 In determining the right selection methods for consultants, quality aspects are particularly critical. Selection based on lowest price only may not deliver the best value for money.

C.1 QUALITY COST BASED SELECTION (QCBS)

8.5 QCBS 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. QCBS may be appropriate when:

a) the type of service required is common, not too complex or requires limited innovation;

b) the scope of work of the assignment can be precisely defined and the ToR are clear and well specified; and

c) the Borrower and the firms can estimate with reasonable precision the staff time, the duration, inputs and costs required for the assignment.

8.6 For further details see Annex XII, Selection Methods.

C.2 FIXED BUDGET BASED SELECTION (FBS)

8.7 Similar to QCBS, Fixed Budget Based Selection is a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services
World Bank Procurement Regulations for Borrowers

in the selection of the successful firm. The cost of services is specified as a fixed budget in the selection documents 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.

8.8 For further details see Annex XII, Selection Methods.

C.3 LEAST COST BASED SELECTION (LCS)

8.9 Similar to QCBS, LCBS 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. In LCS, among the proposals that score higher than the minimum technical score, the proposal with the lowest evaluated cost is selected. LCS is generally appropriate for selecting firms for assignments of a standard or routine nature (audits, engineering design of non-complex works, etc.) for which well-established practices and standards exist. For further details see Annex XII, Selection Methods.

C.4 QUALITY BASED SELECTION (QBS)

8.10 Under QBS, the proposal is evaluated without using cost as an evaluation criterion. If the selection documents request both technical and financial proposals, the financial proposal of only the highest technically qualified firm is opened. The Borrower and the consultant shall then negotiate the financial proposal and the contract. If, however, the selection documents request only the technical proposals, the firm with the highest-ranked technical proposal is invited to submit its financial proposals for negotiations. The Borrower and the consultant shall then negotiate the financial proposal and the contract.

8.11 QBS is appropriate for assignments of complex, highly specialized or innovative assignments, that have a high downstream impact; or that can be carried out in substantially different ways, such that proposals will not be comparable. For further details see Annex XII, Selection Methods Annex.

C.5 CONSULTANT QUALIFICATION BASED SELECTION (CQS)

8.12 In CQS, the Borrower requests firms to submit their EoI in response to the Borrower’s REoI (to which a complete TOR shall be attached). Out of the firms that have submitted their EoI, the Borrower selects the 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.

8.13 CQS is appropriate for small assignments or emergency situations where preparing and evaluating competitive proposals is not justified. For further details see Annex XII, Selection Methods.
C.6 DIRECT SELECTION

8.14 Proportional, fit for purpose and value for money 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. For further details see Annex XII, Selection Methods.

C.7 COMMERCIAL PRACTICES

8.15 The same provisions apply as those for goods, works and non-consulting services in paragraph 7.7 above.

D. SELECTION METHODS FOR INDIVIDUAL CONSULTANTS

8.16 Individual consultants are employed on assignments for which (a) a team of experts is not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the 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 due to a prior agreement with a firm, the Borrower may invite firms to provide qualified individual consultants for the assignment. For further details see Annex XII, Selection Methods.

E. MARKET APPROACH OPTIONS

E.1 OPEN COMPETITION

8.17 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.

E.2 LIMITED COMPETITION

8.18 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.

E.3 INTERNATIONAL COMPETITION

8.19 International selection requires open international advertisement of the consulting services opportunities, and is used when the participation of foreign firms is most likely to achieve the best fit for purpose and value for money.
E.4 NATIONAL COMPETITION

8.20 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.

F. PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS

F.1 UN AGENCIES

8.21 Borrowers may sole-source UN agencies that are uniquely or exceptionally qualified to provide technical assistance and advice in their area of expertise. For further details see Annex XII, Selection Methods.

F.2 NON-PROFIT ORGANIZATIONS

8.22 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. For further details see Annex XII, Selection Methods.

F.3 BANKS

8.23 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. For further details see Annex XII, Selection Methods.

F.4 PROCUREMENT AGENTS

8.24 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.

G. PROJECT IMPLEMENTATION SUPPORT PERSONNEL

8.25 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.

H. SERVICE DELIVERY CONTRACTORS

8.26 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.
I. PARTICULAR TYPES OF CONTRACTUAL ARRANGEMENTS

I.1 FRAMEWORK AGREEMENTS (FAs)

8.27 A Framework Agreement (FA) is an agreement with firms or individual consultants providing consulting services, which sets out the terms and conditions under which specific selection (call-offs) can be made throughout the term of the agreement. Its use is appropriate when a Borrower wishes to be ready to secure consulting services in one or more disciplines, without having to carry out a selection process each time services are required. FAs may be applicable for recurring selection of consulting services provided by firms or individual consultants. For further details see Annex XV, Framework Agreements.
Activity Procurement Strategy
Is a strategy at the activities/contracts 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.

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).

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.

Bid
A bid is an offer to provide goods, works or non-consulting services for a particular price).

Bidder
Bidder refers to a firm or joint venture that submits a bid or proposal in a procurement process.

Borrower
A borrower or recipient of IPF, and any other entity involved in the implementation of a project financed by IPF.

Business days
Any day that is not a weekend or public holiday in the country of the Borrower.

Consultant
A consultant may be 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.

Consulting Services
Consulting services refers to services of a professional nature provided by consultants.

Deviation
A departure from the requirements specified in the Selection Document;

Fit for Purpose
The principle of fitness for purpose applies both to the intended outcomes and the procurement arrangements in determining the most appropriate procurement approach and selection method (within those envisaged in the Bank’s Procurement Regulations and Procedures for Borrowers) to meet the development objectives and project outcomes. The proposed procurement approach should take into account the context and the risk, value, and complexity of the procurement.
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 Regulations.

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.

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.

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.

Legal Agreement
A legal agreement is an agreement between the World Bank and recipient of IPF.

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 value for money 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 Value (NPV) basis and it is only used for comparison of bids.

Private borrower
Private borrower means a firm not owned or operated by the state, or an individual that is the final recipient of a repayable loan made by eligible financial intermediaries.

Probity Assurance Provider
Refers to a third party that provides continuous and concurrent monitoring of the procurement process, from bid/proposal opening through contract execution, communicating their findings to the World Bank and the Borrower.

Procurement
Procurement is the act of obtaining or buying goods, works, non-consulting services or selecting consulting services.
Procurement Documents
Procurement Documents includes general and specific procurement notices, request for expressions of interest, selection documents, evaluation reports and forms of contracts issued by the Borrower.

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) prior or post review requirements; and (vi) any other relevant procurement information.

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.

Project Procurement Strategy for Development or PPSD
The PPSD 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 value for money.

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.

Selection Documents
Selection Documents are documents issued by Borrower including prequalification, bidding and RfP documents.

Standard Procurement Documents
Standard Procurement documents includes Standard Selection Documents, general and specific procurement notices, request for expressions of interest and forms of contracts issued by the World Bank for use by Borrowers.

Standard Selection Documents
Standard Selection Documents includes prequalification, bidding and RfP documents issued by the World Bank for use by Borrowers.
Annex I
Value for Money

1. PURPOSE

1.1 The purpose of this Annex is to describe the requirements necessary to achieve value for money (VfM) in the evaluation of bids/proposals in IPF operations.

2. OVERVIEW

2.1 Value for Money (VfM) is one of the Core Procurement Principles in implementing investment projects financed by the Bank. Value for money is the effective, efficient, and economic use of resources and its application permeates the entire procurement cycle.

2.2 In order to achieve value for money successfully, it shall be considered at all stages of the Procurement Process.

2.3 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.

2.4 Value for money is achieved through the application of:

a) a clear statement of needs and procurement objectives in the Project Procurement Strategy for Development as appropriate;

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

2.5 Optimal design of the Procurement Process is the critical first step to obtaining value for money through deciding how to spend allocated funding to yield the most value.
2.6 The use of life cycle costing and not simply the initial capital cost will likely contribute significantly to achieving value for money, particularly when the operational costs are significant.

2.7 The Project Procurement Strategy for Development (PPSD) with its associated Procurement Plan(s) and the Activity Procurement Strategy as appropriate, shall be used to state the needs and objectives and identify how value for money will be achieved through the Procurement Process.

Approaching the Market

2.8 To achieve value for money 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 V.6.3 of the Procurement Regulations.

   d) Contract Type – Best suited for the specific procurement. For further details see Annex VIII, Contract Type.

2.9 The recommended approach to market shall be justified in terms of proportionality, value, complexity and risk of the procurement. For further details see Annex V, Project Procurement Strategy for Development.

2.10 The evaluation criteria shall be designed to enable the Borrower to achieve best value for money in IPF operations and shall be informed by the Project Procurement Strategy for Development the Activity Level Procurement Strategy, as appropriate and specified in the selection documents. For further details see Annex X, Evaluation Criteria.

Contract Management

2.11 The Borrower shall ensure Value for Money is delivered through Contract Management by developing a contract as early as the Procurement Planning stage. 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.

2.12 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 further 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 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…”.

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 The determination by the Bank on whether a procurement process should be subject to prior or post is based on the project and activity level risks, which are assessed during project preparation, and reassessed and updated during project implementation. The Procurement Plan shall indicate for each activity whether prior or post review requirements apply.

2.3 Procurement oversight for Alternative Procurement Arrangements (APA) are those agreed in the respective Legal Agreement.

Procurement Prior Review

2.4 The Bank carries out prior review of high-value and/or high risk procurement activities financed by the Bank to determine whether the procurement process complies with the requirements of the Legal Agreement.

2.5 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.

2.6 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 Procurement Documents, and as such included in the Procurement Plan.

Procurement Post Reviews

2.7 Procurement Post review, carried out by the Bank or by approved third parties, comprises of reviews of Procurement Processes after they have been completed by the Borrower. Any such third party shall carry out the reviews as per the ToR provided to it by the Bank.

2.8 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, and identify any noncompliance;

   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;

   e) identify mitigating measures or actions to correct procurement deficiencies and recommend them to the Borrower.

Independent Procurement Reviews

2.9 Independent procurement reviews are carried out when the World Bank determines the need based on its assessment of risk. The reviews are carried out by the Bank to complement prior and post review procedures. The reviews are performed by third parties appointed by the World Bank.

Third-Party Assurance

2.10 As agreed with the Borrower, the Bank may augment 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, bid/proposal evaluation, negotiations (if agreed by the Bank), contract award decisions, and/or contract execution.

2.11 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.
3. **APPLICATION**

3.1 The PPSD and Procurement Plan are required to be prepared by the Borrower, as part of the project preparation process, and to be reviewed and agreed to before completion of loan negotiations with the Bank. A summary of the PPSD 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. For further details see Annex V, Project Procurement Strategy for Development.

**Prior Review**

3.2 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 General Procurement Notices and Specific Procurement Notices, as appropriate;

b) in cases where prequalification is used, invitation to prequalify, the prequalification documents, and the prequalification evaluation report. For consulting services, request for expressions of interest including the complete terms of reference, and the shortlist assessment report;

c) the selection documents such as request of bids and 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;
World Bank Procurement Regulations for Borrowers

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.

3.3 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.

Prior Review Documentation

3.4 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: (i) the signed original of each contract and all subsequent amendments or addenda; (ii) 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 (iii) the payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of goods, works, and non-consulting services. For contracts awarded on the basis of direct procurement, the documentation shall include the justification 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.

Post Review Documentation

3.5 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, (i) the signed original of the contract and all subsequent amendments or addenda, (ii) the bids/proposals evaluation report, and the recommendation for award; and (iii) 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

3.6 In the case of contracts subject to prior review, 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; or (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; or (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, the Borrower shall
seek the Bank’s no objection. If the Bank determines that the proposal would be inconsistent
with the provisions of the Legal Agreement and/or Procurement Plan, it shall promptly 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.

Due Diligence concerning the Bank’s Sanctions Policies and Procedures

3.7 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 (i) for prior review contracts,
in an amendment to which the Bank has given its no objection, and (ii) 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.
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 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 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

2.3 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 selection documents. 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 selection documents, the Borrower shall issue an addendum, and if necessary, extend the bid/proposal submission deadline. However, the Borrower is not required 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
World Bank Procurement Regulations for Borrowers

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.

2.4 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.

2.5 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

2.6 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;

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

2.7 The bidder/consultant’s responsibilities with respect to complaints include:

   a) review carefully the provisions of the selection documents 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 Bank financed projects; and

   d) submit complaints in a timely manner when they arise.

Roles and Responsibilities of Bank

2.8 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 declaration of misconduct by the Bank.

2.9 Whenever a complaint is addressed to the Bank, the Bank will promptly forward it to the Borrower for review and action. However, communications received from bidders involving allegations for fraud and corruption may warrant a different treatment due to reasons of confidentiality.

2.10 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

2.11 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;

      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.

2.12 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.

Table 3 - Business Standards for Procurement subject to Prior Review

<table>
<thead>
<tr>
<th>Process step</th>
<th>Description</th>
<th>Before bid/proposal submission deadline</th>
<th>After bid/proposal submission deadline and before notification of intention to award</th>
<th>After notification of intention to award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower or Bank, as is the case, acknowledgment of Complaint</td>
<td>Acknowledge all complaints, in writing</td>
<td>Within three days from the date of receipt of the complaint</td>
<td>Within three days from the date of receipt of the complaint</td>
<td>Within three days from the date of receipt of the complaint</td>
</tr>
<tr>
<td>Bank forward complaint to the Borrower, if complaint is submitted only to the Bank</td>
<td></td>
<td>Within three days from the date of receipt of the complaint</td>
<td>Within three days from the date of receipt of the complaint</td>
<td>Within three days from the date of receipt of the complaint</td>
</tr>
<tr>
<td>Borrower responds to complainant and copy the Bank</td>
<td>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</td>
<td>Within three days from the commencement of the standstill period</td>
<td>As early as possible, but in any event not more than thirty days from the day of receipt of complaint</td>
<td></td>
</tr>
</tbody>
</table>
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 sent to the
      Bank Integrity Vice Presidency (INT)
      i. by email: 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
Annex IV
Fraud and Corruption

1. PURPOSE

1.1 The World Bank’s Anti-Corruption Guidelines is designed to prevent and combat Fraud and Corruption that may occur in connection with the use of proceeds of financing from the International Bank for Reconstruction and Development (IBRD) or the International Development Association (IDA and together with IBRD, IBRD/IDA or World Bank) during the preparation and/or implementation of IBRD/IDA-financed investment projects. The World Bank’s Anti-Corruption Guidelines apply to World Bank-Investment Project Financing operations.

1.2 This Annex provides instructions how to address Fraud and Corruption in World Bank-Investment Project Financing operations.

2. REQUIREMENTS

2.1 The World Bank’s Anti-Corruption Guidelines require that Borrowers, sub-Borrowers (including beneficiaries of Bank’s loans), bidders, suppliers, consultants, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of World Bank-financed contracts. Any action to influence the procurement process or contract execution for undue advantage is improper. In pursuance of this policy, the World 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:

vi. deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World 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

vii. acts intended to materially impede the exercise of the World Bank’s inspection and audit rights provided for under paragraph 2.1(e) below.

b) rejects a proposal for award if it determines that the bidder or consultant recommended for award, or any of its personnel, agents, sub-consultants, sub-contractors, service providers, suppliers, and/or any of their employees, 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, the World Bank may take other appropriate actions consistent with the terms and conditions of the legal agreement and the World Bank’s implementation support and monitoring role, including misprocurement with cancelation the portion of the financing agreement allocated to a contract, if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the financing agreement were engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process or during the implementation of the contract in question, and the Borrower did not take timely and appropriate action satisfactory to the World Bank to address such practices when they occurred, including informing the World Bank in a timely manner at the time it 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 and to be awarded a World Bank-financed contract or otherwise benefit from a World Bank-financed contract; and (ii) to be a sub-contractor, sub-consultant, service provider, or supplier of an otherwise eligible firm entity being or having been awarded a World Bank-financed contract. A firm or individual may be declared ineligible to participate in a procurement process, to be awarded a Bank-financed contract, to otherwise benefit from a World Bank-financed contract, and to be a sub-contractor, sub-consultant, service provider, or supplier of an otherwise eligible firm entity being or having been awarded a World Bank-financed contract 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 sanctions proceeding;

e) Requires that a clause be included in the standard selection documents and in contracts financed by the World Bank, requiring bidders, contractors and consultants, their sub-contractors, sub-consultants, service providers, suppliers, agents, and their personnel to permit the World Bank to inspect all accounts, records, and other documents relating to the procurement and execution of World Bank-financed contracts, and to have them audited by auditors appointed by the World Bank. Inspections in this context usually are investigative (i.e. forensic) in nature. They involve fact finding activities undertaken by the World Bank or inspectors appointed by the World Bank to address specific matters related to
investigations, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. The latter 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 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 provided;

f) Requires that, for World Bank-financed operations to be implemented through Alternative Procurement Arrangements (APAs) and/or when utilizing national procurement procedures agreed by the World Bank, Fraud and Corruption provisions, including without limitation the sanctions and audit clauses referred in paragraphs 2.1(d) and 2.1(e) of this Annex, will be maintained through the governing legal agreement and operationalized by requiring bidders and consultants submitting bids/proposals to present a signed acceptance of the provisions at the time of bidding. Borrowers shall consult and apply the World Bank Group’s list of entities and individuals suspended or debarred. If the Borrower signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank Group, the World 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 7.32 and 8.20 of the Procurement Regulations for Borrowers 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 or corruption shall apply in their entirety to all contractors, consultants, subcontractors, 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) of this Annex do not apply to the UN agency and its employees, and paragraph 2.1(e) of this Annex 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 or corruption, subject to such terms and conditions as the World Bank and the UN agency may agree, including an obligation to periodically inform the World Bank of the decisions and actions taken. The World Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank’s list 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, the World Bank does not finance the related expenditures and applies other remedies as appropriate.

2.2 With the specific agreement of the World Bank, a Borrower may introduce into the procurement documents for contracts financed by the World Bank a requirement that the bidder or consultant include in the bid or proposal an undertaking of the bidder or consultant to observe, in competing for and executing a contract, the country’s laws against fraud and
corruption (including bribery), if so indicated in the procurement documents.¹ The World Bank will accept the introduction of such a requirement at the request of the borrowing country, provided the arrangements governing the undertaking are satisfactory to the World Bank.

¹ 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.”
Annex V
Project Procurement Strategy for Development

1. PURPOSE

1.1 This Annex outlines the requirements for developing the Project Procurement Strategy for Development (PPSD) as required by the Procurement Regulations. The PPSD provides the basis and justification for procurement decisions including the approach to market and selection methods.

2. REQUIREMENTS

2.1 The Borrower shall prepare at the project level, the Project Procurement Strategy for Development (PPSD) 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: (i) complexity, ii) criticality for the project, (iii) lack of adequate market information.

The Project Procurement Strategy for Development (PPSD)

2.2 The PPSD and Procurement Plan are required to be prepared by the Borrower, as part of the project preparation process, and to be reviewed and agreed to before completion of loan negotiations with the Bank. A summary of the PPSD 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 PPSD shall be proportional to the risk, value and complexity of the project procurement. See PPSD Template at the end of this Annex.

2.4 The PPSD requires:

a) Identification of the specific project needs that the procurement process must satisfy;

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 the procurement approach in terms of fit for purpose, proportionality and value for money for the delivery of the project development objectives;

e) Justification of the proposed selection methods in terms of market analysis, risk and country context and the project’s particular circumstances; and

f) Updating of the PPSD throughout the life of the project, as appropriate.
2.5 The detailed PPSD shall include an analysis of the strengths and weaknesses of the proposed procurement approach, and its risks, and what other opportunities may be available for optimizing the development outcomes.

3. PREPARING A PROJECT PROCUREMENT STRATEGY FOR DEVELOPMENT (PPSD)

3.1 The PPSD shall include the Strategic Assessment, Operational Context, Market Research, Risk Management, Procurement Arrangements, and Contract Management. As the result of the PPSD, the Procurement Plan, risk management plan and contract management plan shall be prepared by the Borrower.

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.

3.3 The procurement needs, shall be aligned to the project development objectives, and shall be informed by key stakeholders to ensure that their priorities are incorporated as appropriate.

Operational Context

3.4 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.

3.5 The PPSD shall analyses and take into considerations the operational context below:

a) governance aspects: fragile or conflict affected situation, type of government, state involvement in the economy, state ownership of different structures, legislative processes and legal framework;
b) economic aspects: small economy, inflation, unemployment, domestic preference; interest rates, exchange rate volatility, phase in the economic cycle (recession/growth), and trade barriers;
c) sustainability aspects: disaster or emergency situation, sustainability standards; and
d) technological aspects: absorption capacity, industrial technologies, informational technology, information transfer and security; internet access and restrictions; cell phone access and coverage.
Market Research

3.6 The purpose of market research is to develop a thorough understanding of the relevant market 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.

3.7 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.

Risk Management

3.8 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.

3.9 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

3.10 The purpose of this stage is to develop a clear and focused approach to market to deliver the procurement objectives.

3.11 This section shall include the following elements:

a) Procurement Arrangements (selection methods, approach to market) and contracting strategy (contract packaging, types of contracts, key contractual provisions, key delivery and payment milestones);

b) 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) Fit for purpose justification against alternative approaches;

e) Negotiations, Best and Final Offer – these options in a procurement process shall be considered at this stage and shall only be used with the Bank’s no objection (ensuring that integrity management actions are identified and taken) and are subject to prior review.

3.12 For each of the elements above, the Borrower shall conduct a sufficient analysis to allow a comparison of the alternative procurement options to justify a preferred procurement approach.
3.13 The recommended engagement with the market should be documented and should describe the preferred procurement approach to market and contracting strategy with a summary justification. It should outline how the preferred approach will meet the procurement objectives and therefore the project development objectives.

3.14 The Project Procurement Plan shall be developed taking the findings and recommendations of the PPSD into consideration.

**Contract Management**

3.15 A Contract Management Plan shall be required for each procurement financed by the Bank. The contents and reach of the Plan is described in Annex XI.

**4. Activity Procurement Strategy**

4.1 The Borrower shall prepare an Activity Procurement Strategy for activities/contracts in a project that are considered high risk for one or more of the following reasons: (i) complexity, (ii) criticality for the project, (iii) lack of adequate market information. The Activity Procurement Strategy shall be proportional to the risk, value and complexity of the activity/contract. The Activity Procurement Strategy has similar requirements to the PPSD, but requires specific details pertinent to the actual procurement proposed as it shall be tailored to the activity/contract.

4.2 The Borrower shall submit the Activity Procurement Strategy for Bank’s review prior to preparation of the Selection Documents.
Project Procurement Strategy for Development (PPSD) 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 procurement's proposed outcomes are [insert].

4. A detailed statement of our requirements is contained [].

5. Details of the current procurement arrangement are [insert]. OR

6. We do not currently procure these [choose: goods / works / non-consulting services / consulting services].

7. The capacity of the agency to implement this procurement is [detail what resource is available and what additional resource may be required]

8. In summary, based on the assessment, the risk and value of this procurement is [insert].

Key Dates

9. Procurement process period [insert weeks/months]

10. The contract is to commence by [insert date].

11. The Specific Procurement Notice to be published by [insert date].

Findings of Research and Analysis

a. Operational Context

12. Analysis of the Operational Context should include considerations such as:

   i. governance aspects: fragile or conflict affected situation, type of government, state involvement in the economy, state ownership of different structures, legislative processes and legal framework;

   ii. economic aspects: small economy, inflation, unemployment, domestic preference; interest rates, exchange rate volatility, phase in the economic cycle (recession/growth), and trade barriers;

   iii. sustainability aspects: disaster or emergency situation, sustainability requirements; and
iv. technological aspects: availability of informational technology, information transfer and security; internet access and restrictions; cell phone access and coverage.

13. 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].

b. Market Analysis

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

14. The target market for the procurement activities are [insert]:
   i. By geography - local, regional, national, international;
   ii. By type of goods, works, consulting or non-consulting services category or sub-category.

15. The level of competition is [insert]. Competition is primarily based on [For example price / quality / level of support services / product types and range / delivery time / other factors].

16. The key firms and their influence on the market are [insert]

17. The pricing mechanism and factors affecting pricing include [insert]. For example is it based on volume, milestones, time, materials or commodities?

18. The capability of the market to deliver our requirements is [insert]. Areas where the market will need to change to meet our requirements are [insert].

19. Based on the Market analysis undertaken what are the implications for the procurement arrangements?

For example:
   i. Information still to be sought through Request for Information
   ii. Timeline and contract duration
   iii. Target market
   iv. Contract structure (single or panel)
   v. Price structure, incentives
   vi. Number of firms likely to respond
   vii. Capability of the target market to meet our requirements or to provide innovation
Key Stakeholders

20. The key internal stakeholders and their key expectations are [insert].
21. The key external stakeholders and their key expectations are [insert].
22. The agency will communicate with internal stakeholders by [insert method and timing].
23. The agency will communicate with external stakeholders by [insert method and timing].

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.

24. The recommended procurement approach:

   i. Procurement Arrangements (selection methods, approach to market) and, if known contracting strategy (type of contracts, key contractual conditions) with fit for purpose justification against alternative approaches;

   ii. Specifications – If known, what are the specifications (could be either technical or performance oriented, functional);

   iii. Quality requirements – Standards, quality assurance requirements, sustainable procurement requirements as appropriate;

   iv. Key procurement risks and mitigations;

   v. Special arrangements such as Negotiations and Best and Final Offer – if appropriate.
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 selection documents 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 firm 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/proposal offering goods manufactured in the country of the Borrower; and

c) Group C: Bids/proposal 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.

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 price for goods to be imported and already imported goods. Both bids/proposals 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 in the evaluation of bids/proposals in open international competitive procurement to domestic contractors for works when comparing to bids/proposals from foreign contractors. In such cases, the selection documents 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 methods and stages set forth hereunder shall be followed in the evaluation and comparison of bids/proposals.

a) applying for such preference shall be asked to provide, as part of the data for qualification, such information, including details of ownership and country of constitution of the contractor, as shall be required to determine whether, according to the classification established by the Borrower and accepted by the Bank, a particular contractor or group of contractors qualifies for domestic preference. The selection documents 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 contractors eligible for the preference; and

ii. Group B: bids offered by other contractors.

2.7 All evaluated bids/proposals in each group shall, as a first evaluation step, be compared to determine the most advantageous bid/proposal, and the most advantageous bids/proposals in each group shall be further compared with each other. 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 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.
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.

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
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 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 selection documents 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 further details see Annex XI, Contract Management.
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.

Admeasurement - Contract based on Unit Prices
World Bank Procurement Regulations for Borrowers

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 client 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 further 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 the PPP Annex XIV of these Procurement Regulations.
Annex IX
Contract Conditions in International Procurement

1. PURPOSE

1.1 This Annex lists the minimum contract conditions required for international procurement financed by the Bank.

2. REQUIREMENTS

2.1 The contract conditions to be included in all international procurement financed by the Bank 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 national procurement, the Borrower’s applicable conditions of contract may be used provided they reflect the above requirements.

2.3 For international procurement, the Borrower shall use the applicable Bank’s Standard Selection Documents. In cases where the Bank Standard Selection Documents are not available, the Borrower shall at least include the following provisions in the contract.

Performance Security

2.4 Contracts for works and industrial plants 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 form and amount, as specified by the Borrower in the selection 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 should not exceed ten percent (10%) for bank guarantees and thirty percent (30%) for performance bonds, 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. Firms may be required to provide a security in an appropriate and reasonable amount to protect against non-performance of the contract. Normally the amount should not exceed ten percent (10%) for bank guarantees and thirty percent (30%) for performance bonds, of the contract price unless the commercial practice for the industry recommends a different percentage. The security shall, if required, also cover warranty obligations and any installation or commissioning requirements. Firms shall be allowed to submit bank guarantees issued by a reputable bank or financial institution, such as an insurance, or bonding or surety company located in any eligible country. If the security is issued by a financial institution located outside the country of the Borrower, such financial institution shall have a
correspondent financial institution located in the country of the Borrower to make it enforceable.

**Incoterms**

2.6 Incoterms are trade terms for goods published by the International Chamber of Commerce (ICC) that are required to be used in international procurement financed by the Bank. The latest version of Incoterms shall be used, as revised from time to time (as indicated in the Bank’s Standard Selection Documents), published by the International Chamber of Commerce (ICC), 38 Cours Albert 1er, 75008, Paris, France.

**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 shall 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.

**Domestic Preference for Works**

2.11 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 to domestic contractors for works when comparing to bids/proposals from foreign contractors. In such cases, the selection documents 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 methods and stages set forth hereunder shall be followed in the evaluation and comparison of bids/proposals.

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

**Payments**

2.13 Payment contract provisions shall be in accordance with the international commercial practices applicable to the specific goods, works, non-consulting services and consulting services. Contracts shall also include provisions for the payment of financing charges if payments are delayed due to the Borrower’s fault beyond the time allowed in the contract.

2.14 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.

2.15 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.

2.16 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 selection documents. 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 selection documents shall specify the arrangements for any security required for advance payments.

**Price Adjustments**

2.17 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 18 (eighteen) months, but shall be included in contracts which extend beyond 18 (eighteen) 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

2.18 Contract conditions shall include insurance coverage requirements taken by the party better placed to assume the risk. Contract conditions shall have adequate provisions for the insurance of any goods, works, non-consulting services or consulting services to be financed. Any indemnity for such insurance shall be payable in a freely usable currency.

Liability

2.19 Contracts shall have provisions on liability of the contractor including (i) extent and coverage, and (ii) limitations of the liability.

Applicable Law and Settlement of Disputes

2.20 The conditions of contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes. All open international competitive procurement contracts are required to include, as appropriate, mechanisms for independent dispute resolution such as Dispute Review Experts or Dispute Review Boards. International commercial arbitration in a neutral venue is required unless the national Procurement Regulations and arbitration procedures are acceptable to the Bank, or the contract has been awarded to a bidder from the Borrower’s country. The Bank shall not be named arbitrator or be asked to name an arbitrator.

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

2.21 The Bank requires compliance with its policy in regard to fraudulent and corrupt practices including a requirement that a clause be included in contracts financed by the Bank requiring bidders, contractors and consultants, and their sub-contractors, sub-consultants, service providers, suppliers, agents, and personnel to permit the Bank to inspect all accounts, records, and other documents relating to the procurement and execution of Bank-financed contracts, and to have them audited by auditors appointed by the Bank. For further details see Annex IV, Fraud and Corruption.
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 and the Activity Level Procurement Strategy, as appropriate and specified in the selection documents.

2.2 The approach to evaluation criteria shall be proportionate to the value and risk of the procurement. For low to moderate risk procurement, the evaluation approach may be based on the lowest evaluated substantially responsive bid/proposal. For substantial to high risk procurement, additional rated evaluation criteria may be applied to allow bidders to differentiate their bids/proposals beyond the minimum mandatory requirements.

2.3 Bid/proposal evaluation reports shall include all details, including justifications on how value for money has been achieved and the strengths and weaknesses of bids/proposals when rated type criteria has 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 selection documents 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 selection documents shall be applied;

e) once the selection documents have been issued, any change to the evaluation criteria shall be made only through amendments; and

f) the evaluation criteria shall be applied consistently and equally to all bids/proposals submitted.
2.5 In order to achieve VfM, the evaluation criteria may take the following factors into consideration:

a) **Cost** means using life cycle costing, where appropriate, and for procurement whose initial price alone is not indicative of the total cost over the life cycle of what is being procured. Life cycle costing may not be appropriate for low-value and simple procurement;

b) **Quality** means the degree to which the characteristics of the goods, works, non-consulting services or consulting services exceed the stated requirements in the selection documents;

c) **Risk** means ensuring that the procurement can reasonably and efficiently adjust to unforeseen changes in design, capacity, technical, business or economic circumstances;

d) **Sustainability** means establishing criteria in such a way that permits measuring and prioritizing 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** means ensuring that bidders have the opportunity to include, when appropriate, provisions in their bids/proposals, beyond what is requested in the selection documents that will benefit the Borrower in attaining VfM.

**Simulation of Evaluation Criteria**

2.6 Before finalizing the selection documents and to ensure that the evaluation criteria will deliver value for money, 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 weighting assigned to it.

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

**Types of Criteria**

2.7 To achieve value for money, the evaluation criteria shall include one or more of the following:

a) **Pass/fail criteria**

b) **Cost type criteria** (expressed in monetary terms)

   i. initial costs (including transportation, insurance, installation, commissioning and training); or

   ii. life cycle costs (initial costs plus operation and maintenance, and residual value, over the life cycle calculated on a net present value basis)
c) Rated type criteria
   i. mandatory rated type criteria (non-price attributes assessed with merit points as they cannot be expressed in monetary terms) may lead to the rejection of a proposal and shall only be used in Request for Proposals;
   ii. desirable rated type criteria (non-price attributes assessed with merit points as they cannot be expressed in monetary terms) may NOT lead to the rejection of a proposal and shall only be used in Request for Proposals

Pass / Fail Type Criteria

2.8 These criteria are evaluated on a pass/fail system to determine substantial responsiveness of bids/proposals. Examples of these criteria include:
   a) Technical specifications or terms of reference;
   b) Key contractual terms and conditions;
   c) Contract implementation schedule
   d) Safety requirements.

Substantial Responsiveness

2.9 The Borrower’s determination of a bid/proposal substantial responsiveness is to be based on the contents of the bid/proposal itself. A substantially responsive bid/proposal is one that meets the requirements of the Selection Documents without material deviation, reservation, or omission. A material deviation, reservation, or omission is one that:
   a) if accepted, would:
      i. affect in any substantial way the scope, quality, or performance of the goods, works or non-consulting services specified in the contract; or
      ii. limit in any substantial way, inconsistent with the selection documents, the Borrower’s rights or the bidder’s obligations under the contract; or
   b) if rectified, would unfairly affect the competitive position of other bidder’s presenting substantially responsive bids/proposals.

Cost Type Criteria

2.10 These criteria include those that are or can be converted to monetary terms and can be added to or subtracted from, as the case may be, the bid/proposal price (initial costs) for the purpose of evaluation. In addition to initial costs, cost type criteria may include adjustments for:
   a) payment terms;
   b) delivery schedule;
c) life cycle costing:

**Life Cycle Costs**

2.11 Life cycle costing will deliver best value for money and 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 Value (NPV) basis.

2.12 Life cycle costing includes the following costs:

   a) Initial cost  
   b) Operating and maintenance cost over the specified life cycle  
   c) Any residual value costs

2.13 When using life cycle costing the Borrower shall specify 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 value 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.

2.14 Under the life cycle cost approach, the contract award shall be to the lowest evaluated substantially responsive qualified bidder.

**Rated Type Criteria**

2.15 Rated Type Criteria based on merit points shall be used: (i) When the evaluation criteria cannot be expressed in monetary terms, (ii) in international competitive procurement and (iii) in national competitive procurement subject to prior agreement of the Bank.

**Mandatory Rated Type Criteria**

2.16 Mandatory rated type criteria are those that can be quantified and evaluated based on merit points and are so critical that a minimum score level is required to be set. A mandatory rated type criterion shall be assigned a minimum (or maximum) requirement under (or over) which the bid/proposal shall be rejected. If the minimum (maximum) requirement is met, the criterion shall be rated according to Table 4.

2.17 Mandatory rated type criteria should be used, as appropriate, when benefits may not be quantifiable other than using merit points, and the benefits associated with these mandatory rated type criteria are expected to vary among different bids/proposals. Generally, no more than five (5) relevant mandatory rated type criteria should be used.
2.18 Mandatory rated criteria may include, but are not limited to the following features:

a) Management and technical skills of key personnel
b) Quality of methodology and work plan
c) Performance, capacity, or functionality features that exceed specified requirements.
d) Sustainability: When appropriate and in accordance with the Borrower's requirements (acceptable to the Bank), the bidder shall propose the approach on how to address sustainable procurement requirements.

2.19 The mandatory 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.

2.20 The mandatory rated type criteria should be specified using a grading system that includes classifications including the required minimum. Table 4. Illustrates the classification.

**Table 4. - (Scoring Mandatory Rated Type Criteria) for Goods, Works and Non-Consulting Services**

<table>
<thead>
<tr>
<th>Merit Points (Either or)</th>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expressed as percentage</td>
<td>Expressed as points</td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>4</td>
<td>Excellent</td>
</tr>
<tr>
<td>90%</td>
<td>3</td>
<td>Very good</td>
</tr>
<tr>
<td>80%</td>
<td>2</td>
<td>Good</td>
</tr>
<tr>
<td>70%</td>
<td>1</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Reject</td>
<td>Reject</td>
<td>Unsatisfactory</td>
</tr>
</tbody>
</table>

2.21 Mandatory rated type criteria may be used for goods, works or non-consulting services when the Borrower determines that best value for money cannot be achieved using only pass/fail and cost type criteria. The rated type attributes to be used may be, but are not limited to, those indicated above.

2.22 The circumstances where mandatory rated type criteria are employed for procurement of goods, works or non-consulting services may include, but are not limited to, the following:
World Bank Procurement Regulations for Borrowers

a) Information technology (IT) systems that are complex and require, for example, the assessment of user friendliness, and IT systems that are not complex such as desktop computers where, for example, merit points may be awarded to specifications that exceed the minimum or maximum requirements specified in the selection documents;

b) Circumstances where innovation related criteria may be desired, such as in proposal of new technology not foreseen by the Borrower;

c) Works where environmental or social criteria are important to achieve value for money such as the quality of the environmental management plan or the use of local skilled labor; and

d) Goods where the quality and availability of after sales support is desirable or where the fast changing technology require a high degree of upgradable compatibility.

Desirable Rated

2.23 Desirable rated type criteria permits the evaluation of attributes that are desirable, but not essential (does not cause the bid/proposal to be rejected). The total weight of this type of criteria shall not generally exceed twenty percent (20%) of the total weight given to all rated criteria. For example, if the total weight assigned to rated criteria (mandatory plus desirable) is forty percent (40%), then the weight for desirable criteria is eight percent (8%) and correspondingly, mandatory rated type criteria shall be weighted at thirty two percent (32%), for a total of forty percent (40%).

2.24 Desirable rated type criteria shall be weighted in order of priority. The number of sub-criteria assigned to desirable type criteria should be kept to the minimum essential.

2.25 The desirable rated criteria should be specified using a grading system that includes classifications. Table 5 below illustrates such a classification.
Table 5 - (Scoring desirable rated criteria) for Goods, Works and Non-Consulting Services

<table>
<thead>
<tr>
<th>Merit Points (Either or)</th>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expressed as percentage</td>
<td>Expressed as points</td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>5</td>
<td>Excellent</td>
</tr>
<tr>
<td>80%</td>
<td>4</td>
<td>Very good</td>
</tr>
<tr>
<td>60%</td>
<td>3</td>
<td>Good</td>
</tr>
<tr>
<td>40%</td>
<td>2</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>20%</td>
<td>1</td>
<td>Poor</td>
</tr>
<tr>
<td>0%</td>
<td>0</td>
<td>No added value</td>
</tr>
</tbody>
</table>

2.26 Examples of desirable criteria are, but are not limited to:
   a) aesthetics (e.g. a construction in a heritage environment);
   b) electronic documentation;
   c) upward and downward compatibility; and
   d) Innovative solutions differentiating bids/proposals and offering potential added value

2.27 Desirable rated type criteria may be used for goods, works or non-consulting services when the Borrower determines that best value for money cannot be achieved using only pass/fail, cost type criteria and mandatory rated criteria.

3. APPLICATION

Goods, Works and Non-Consulting Services

Pass/Fail and Initial Costs

3.1 Evaluation to determine the lowest evaluated substantially responsive bid/proposal may deliver best value for money when there are well defined detailed technical specifications and commercial provisions.

3.2 Value for money may be obtained by using the following combination of criteria to determine the lowest evaluated substantially responsive bid:
World Bank Procurement Regulations for Borrowers

a) pass/fail (substantially meeting the minimum or maximum requirements specified in the Selection Documents); and

b) Initial costs and adjustments.

Life Cycle Costing (Pass/Fail and Life Cycle Costs)

3.3 Value for money may be obtained by using the following combination of criteria to determine the lowest evaluated substantially responsive bid:

a) pass/fail (substantially meeting the minimum or maximum requirements specified in the Selection Documents); and

b) Life cycle costs (Net Present Value)

Combined Rated and Cost Types Criteria (Pass/Fail, Costs (Initial or Life Cycle) and Rated Criteria (Mandatory and/or Desirable)

3.4 Value for money may be obtained by using the following combination of criteria:

a) pass/fail (substantially meeting the minimum or maximum requirements specified in the Selection Documents); and

b) Initial Costs or Life cycle costs (Net Present Value)

c) Rated Type Criteria (Mandatory rated and/or desirable rated)

3.5 The scores of the rated (mandatory plus desirable) and cost type criteria may be combined and weighted appropriately to determine the most advantageous bid/proposal. The selection shall be justified in terms of value for money if the higher priced bid/proposal has the highest evaluated score.

3.6 The combined cost/rated type criteria ratio shall depend on the value and risk of the procurement. The ratios shall be justified by the Borrower to ensure delivery of value for money and mitigation of any risks identified in the Project Procurement Strategy for Development and/or Activity Procurement Strategy.

3.7 Table 6. Suggested ratios depending on the level of value and risk.
### Table 6. - Combined Cost / Rated Type Criteria Ratio for Goods, Works and Non-Consulting Services

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Suggested Cost / Rated Type Criteria Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Low Value/Low risk</td>
<td></td>
</tr>
<tr>
<td>• Many potential bidders</td>
<td>100 / 0</td>
</tr>
<tr>
<td>• Off the shelf products</td>
<td></td>
</tr>
<tr>
<td>• Low Value/High Volume</td>
<td></td>
</tr>
<tr>
<td>• Many potential bidders</td>
<td>100 / 0 to 80 / 20</td>
</tr>
<tr>
<td>• Many Existing Alternatives</td>
<td></td>
</tr>
<tr>
<td>• Medium value / moderate risk</td>
<td></td>
</tr>
<tr>
<td>• Many potential bidders</td>
<td>80 / 20 to 70 / 30</td>
</tr>
<tr>
<td>• Commercial involvement can influence price</td>
<td></td>
</tr>
<tr>
<td>• High value / moderate risk / high risk / medium value</td>
<td></td>
</tr>
<tr>
<td>• Few potential bidders</td>
<td>70 / 30 to 40 / 60</td>
</tr>
<tr>
<td>• Specifications may be complex</td>
<td></td>
</tr>
<tr>
<td>• High value / high risk</td>
<td></td>
</tr>
<tr>
<td>• Few potential bidders</td>
<td>40 / 60 to 50 / 50</td>
</tr>
<tr>
<td>• Complex specifications</td>
<td></td>
</tr>
</tbody>
</table>

3.8 When the mandatory and/or desirable rated type criteria are necessary to achieve value for money, their weight in the combined score may be as high as fifty percent (50%) if properly justified. Generally, the percentage assigned to mandatory and/or desirable rated type criteria should be less than thirty percent (30%). See illustration in Table 7.
### Table 7. - (Possible Weighting Range)

<table>
<thead>
<tr>
<th>Rated Type/Price Range</th>
<th>Mandatory Rated Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rated Type</td>
<td>0 - 50%</td>
<td>10 – 30%</td>
</tr>
</tbody>
</table>

| Quality of Methodology and Work Plan | 5 – 15% |
| Work Plan Methodology | 10 – 20% |
| Management and Technical Skills | 5 – 10% |
| Management | 5 – 10% |
| Team | 10 – 30% |

| Technical Skills Functionality Features |
|----------------------------------------|----------|
| Sustainability | 5 – 20% |
| Economic | 5 – 10% |
| Environmental | 5 – 10% |
| Social | 5 – 10% |

**Subtotal** 90%

### Desirable Rated Criteria

<table>
<thead>
<tr>
<th>Cost</th>
<th>100-50%</th>
<th>100%</th>
</tr>
</thead>
</table>

**Subtotal** 100%

### Consulting Services

#### Types of Criteria

3.9 Technical proposals of consulting services are evaluated on the basis of rated criteria (scoring system).

- a) Mandatory rated (criteria that shall be used to evaluate);
- b) Desirable rated (criteria that may be used to evaluate proposals as appropriate)
Rated Type Criteria

3.10 The following rated type criteria shall be used to evaluate technical proposals:

a) Adequacy of Methodology and work plan;

b) Relevant experience and qualifications of key staff; and

c) Relevant experience of the firm

3.11 In addition to a), b) and c) above, (i) transfer of knowledge and (ii) participation of nationals among key staff, may be included to the rated type criteria depending on the nature and needs of the assignment.

3.12 The rated type criteria (quality) shall be assigned in the selection documents a score within the range of scores in Table 8 below, except 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 value for money 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.

3.13 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 8. (Allocated Score Range)

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

3.14 The Borrower shall carry out a professional assessment of technical proposals based on the criteria/sub-criteria specified in the selection documents. The technical evaluation report shall demonstrate such a professional assessment, clearly stating the strengths and weaknesses of a proposal for each criterion/ sub-criterion.

3.15 The selection documents 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. Table 9 below illustrates evaluation with the minimum threshold of 70%.

Table 9. (Scoring Rated Criteria) for Consulting Services

<table>
<thead>
<tr>
<th>Merit Points (Either or)</th>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expressed as percentage</td>
<td>Expressed as points</td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>4</td>
<td>Excellent</td>
</tr>
<tr>
<td>90%</td>
<td>3</td>
<td>Very good</td>
</tr>
<tr>
<td>80%</td>
<td>2</td>
<td>Good</td>
</tr>
<tr>
<td>70%</td>
<td>1</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Less than 70%</td>
<td>0</td>
<td>Unsatisfactory</td>
</tr>
</tbody>
</table>

**Cost Type Criterion**

3.16 The criterion for cost shall include all remuneration and other expenses such as travel, translation services and report printing. 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 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. The cost to be used for obtaining the combined quality/cost score for each proposal shall then be ranked inversely proportional to the proposal with the lowest evaluated cost.

**Combined Rated and Cost Types Criteria (Rated (Quality and Cost))**

3.17 When using QCBS, the scores of the rated and the cost type criterion shall be combined and weighted appropriately to determine the most advantageous proposal.
3.18 The combined cost/rated type criteria ratio shall depend on the nature and complexity of the consulting assignment. The range of ratios shall normally be as per Table 10.

**Table 10. (Combined Quality / Cost Ratio)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Suggested Quality/Cost Ratio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>High complex / downstream consequences / specialized assignments (or use QBS method)</td>
<td>100 - 90 / 0 - 10</td>
</tr>
<tr>
<td>Moderate complexity</td>
<td>70 - 80 / 30 - 20</td>
</tr>
<tr>
<td>Assignments of a standard or routine nature such as auditors / procurement agents handling the procurement (or use LCS method)</td>
<td>60 - 50 / 40 - 50</td>
</tr>
</tbody>
</table>
Annex XI
Contract Management

1. **PURPOSE**
   1.1 This Annex lists the minimum requirements for effective contract management for contracts financed by the Bank.

2. **REQUIREMENTS**
   2.1 Effective contract management requires systematic and efficient planning, creation, execution, and monitoring and evaluation of a contract to optimize performance while managing risk to ensure that contractual commitments made are actually delivered on the ground – ensuring development effectiveness.

**Contract Creation**

2.2 The Borrower shall begin developing a contract as early as possible in the procurement process. The detail required in a contract depends on the risk and complexity of the contract and involves considerations of fit for purpose, optimal allocation of risk, liabilities, roles and responsibilities of the parties and contract terms and conditions.

**Contract Management Plan and Contract Execution**

2.3 A contract management plan shall be developed during contract creation and completed at the time the contract is signed. Contract execution requires managing the contractual relationships and ensuring that deliverables are provided to the required standard, within the agreed timeframe and achieve value for money.

**Contract monitoring and evaluation**

2.4 Borrowers shall proactively manage contracts throughout their life against the contract management plan, using Key Performance Indicators (KPIs) set to ensure that contractor performance is satisfactory, stakeholders are well informed and all contract requirements are met. A contract evaluation shall be carried out at the end of the contract to assess contract performance and identify any lessons learned.

3. **CONTRACT MANAGEMENT PLAN AND CONTRACT EXECUTION**

**Contract Management Plan**

3.1 Depending on the complexity, value and risk of the contract, the contract management can vary from applying a checklist for simple, low value contracts to a much more comprehensive plan for high value, high risk or complex contracts including Key Performance Indicators (that may interlink to incentive or payment arrangements).
3.2 For simple contracts, the contract management plan should 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.

3.3 For complex contracts, 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 Execution

3.4 The contract manager’s understanding of both the relevant stakeholder and contractor’s expectations, capacities and responsibilities shall be thorough. Contract managers shall be identified on both sides of the contract and information exchange channels established.
Appropriate delegation of authority shall be given to the contract manager to ensure that the contract can be managed effectively.

3.5 The contract management plan shall be used to ensure that the parties are complying with the contractual provisions. As risk management is an essential part of contract management, the application of the contract management plan shall ensure risk prioritization, monitoring and appropriate contingency plans that address both sides of the contract, and aims to identify and address problems at an early stage.

**Contract Monitoring**

3.6 Contract monitoring requires the constant evaluation of planned versus actual focusing on the critical path developed for the contract management plan. It also requires timely and effective resolution of variations from the planned critical path, and minimization of cost overruns.

3.7 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.

**Contract Evaluation**

3.8 To determine whether value for money is achieved, the Borrower shall assess, to its satisfaction, at least the following key indicators:

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;

e) Borrowers technical and commercial requirements met or exceeded within budget; and

f) contract price compares favorably with comparable benchmarks.
Annex XII
Selection Methods

1. **PURPOSE**

1.1 This Annex describes the approved selection methods, including particular application of these methods in procurement financed by the Bank.

2. **REQUIREMENTS**

2.1 The approved selection methods are designed to enable the Borrower to achieve best value for money in procurement financed by the Bank and shall be informed by the Project Procurement Strategy for Development and specified in the Procurement Plan, and further specified, as appropriate, in the Activity Procurement Strategy.

2.2 The Borrower shall apply the selection methods specified in the up-to-date Procurement Plan.

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

   **Approved Selection Methods**

3.1 The Bank defines the following as approved selection methods:

   a) Request for Proposals;
   b) Requests for Bids;
   c) Requests for Quotations;
   d) Direct Selection; and
   e) Commercial Practices.

   **Request for Proposals**

3.2 A Request for Proposals (RfP) is a competitive method for the solicitation of proposals, which initially may or may not include price, for goods, works or non-consulting services that meet the requirement of the selection documents. It should be used when due to the market or 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 selection documents.

3.3 In order to evaluate the degree in which the proposals meet the requirements of the selections documents, the evaluation criteria should normally include rated type criteria whether mandatory, desirable or both as appropriate.
3.4 An RfP shall be used for international competitive procurement in:

a) single stage with rated (mandatory or desirable) type criteria; or

b) multi stage, independent of whether rated (mandatory or desirable) type criteria is specified or not.

3.5 This method requires the use of the corresponding Bank’s Standard Selection Documents.

Steps for Using an RfP Selection Method

RfP- Prequalification

3.6 The Borrower shall follow the steps below to carry out a prequalification process when using the RfP method.

a) Selection Documents for Prequalification – prepare the selection documents for prequalification to be used, using the Bank’s corresponding Standard Selection Documents for Prequalification;

b) Specific Procurement Notice (SPN) – prepare the Specific Procurement Notice inviting applications for prequalification in accordance with the template indicated in the Bank’ external website.

c) Publication of SPN – the publication of the procurement notice shall be done after the selection documents are ready for distribution. It shall follow the requirements specified in paragraph V.(6.16) of these Procurement Regulations;

d) Issuing Selection Documents for Prequalification – the Selection Documents for Prequalification shall be ready to be issued by the time the SPN is published;

e) Clarifications and Amendments – shall meet the requirements of paragraph V.(6.19) of these Procurement Regulations;

f) Pre-Qualification Application Submission and Opening – Applications shall be submitted prior to the deadline. If specified in the Selection Documents, the Borrower may accept applications submitted after the submission deadline. The Borrower shall open all applications and distribute to all applicants a record of the opening of the applications.

g) Evaluation of Application – The Borrower shall use the prequalification criteria and requirements specified in the Selection Documents to evaluate the qualification of applicants.

h) Communication of Prequalification Results – the Borrower shall communicate the results of the prequalification process to all that submitted applications.
RfP - Single Stage Selection Process

3.7 The Borrower shall follow the steps below to carry out a procurement using an RfP.

a) **Selection Documents** – prepare the selection documents to be used with the RfP using the Bank’s corresponding Standard Selection Documents;

b) **Specific Procurement Notice (SPN) without Prequalification** – prepare the Specific Procurement Notice in accordance with the template indicated in the Bank’s external website.

c) **Invitation of proposals** – if a prequalification process has taken place, then the Borrower shall issue invitations to submit proposal only to the prequalified firms.

d) **Publication of SPN** - the publication of the procurement notice shall be done after the selection documents are ready for distribution. It shall follow the requirements specified in paragraph V.(6.16) of these Procurement Regulations.

e) **Issuing Selection Documents** – the Selection Documents shall be ready to be issued by the time the SPN is published;

f) **Clarifications and Amendments** – shall meet the requirements of paragraph V.(6.19) of these Procurement Regulations;

g) **Proposal Submission Deadline and Opening** – shall meet the requirements of paragraphs V.(6.20 -6.29) of these Procurement Regulations;

h) **Proposal Evaluation** – shall be in accordance with the evaluation criteria specified in the selection documents;

i) **Options**

   i. **Negotiation** – shall meet the requirements of paragraph VII.(7.23-7.25) of these Procurement Regulations

   ii. **Best and Final Offer (BAFO)** – shall meet the requirements of paragraph xx of these Procurement Regulations

j) **Publication of Intention to Award and Standstill Period** – shall meet the requirements of paragraphs V.(6.40-6.46), respectively, of these Procurement Regulations;

k) **Award of Contract and Publication of Contract Award** – shall meet the requirements of paragraphs V.(6.38, 6.47), of these Procurement Regulations; and

l) **Debriefings** – shall meet the requirements of paragraph V.(6.50-6.55) of these Procurement Regulations.

RfP - Multi Stage Selection Process
3.8 The Borrower shall follow the steps indicated below:

   a) **Selection Documents** – prepare the selection documents to be used for the 1st stage using the Bank’s corresponding Standard Selection Documents;

   b) **Specific Procurement Notice (SPN) without Prequalification** – prepare the Specific Procurement Notice in accordance with the template indicated in the Bank' external website.

   c) **Invitation of proposals** - if a prequalification process has taken place, then the Borrower shall issue invitations to submit proposal only to the prequalified firms.

   d) **Publication of SPN** - the publication of the procurement notice shall be done after the selection documents are ready for distribution. It shall follow the requirements specified in paragraph V.(6.16) of these Procurement Regulations.

   e) **Issuing Selection Documents** – the Selection Documents for the 1st stage shall be ready to be issued by the time the SPN is published;

   f) **Clarifications and Amendments** – shall meet the requirements of paragraph V.(6.19) of these Procurement Regulations and Procedures;

   g) **Proposal Submission Deadline and Opening** – shall meet the requirements of paragraphs V.(6.20 -6.29) of these Procurement Regulations and Procedures;

   h) **Proposal Evaluation** – shall be in accordance with evaluation criteria specified in the selection documents;

   i) **Discovery Meetings** – the Borrower shall hold confidential one to one meeting with each of the firms that submitted 1st proposals to discover about possible solutions and clarify the proposal submitted in the 1st stage. The number of those meeting with each firm is at the discretion of the Borrower;

   j) **Amendments** – as a result of the meetings, the Borrower shall assess the findings and amend 1st stage selection documents to convert them into the 2nd stage selection documents, if appropriate;

   k) **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;

   l) **Issuing 2nd Stage Selection Documents and Invitation to Submit Final Proposals** – the Borrower shall issue 2nd stage selection documents to the firms that were qualified for the 2nd stage;

   m) **Evaluation of Final Proposals** – the Borrower shall evaluate the final proposals in accordance with evaluation criteria specified in the 2nd stage Selection Documents;

   n) **Notification of Intention to Award and Standstill period** – shall meet the requirements of paragraphs V.(6.39-6.46), respectively, of these Procurement Regulations;
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o) **Award of Contract and Publication of Contract Award** – shall meet the requirements of paragraph V.(6.38, 6.47), of these Procurement Regulations and

p) **Debriefings** – shall meet the requirements of paragraph V.(6.48-6.53) of these Procurement Regulations.

**Request for Bids**

3.9 A Request for Bids (RFB) is a competitive method for the solicitation of offers with price for goods, works or non-consulting services that meet the requirements of the selection documents. RFB is intended to be used when due to the market or the 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 selection documents. This method is not appropriate for rated type evaluation criteria.

3.10 If a multi stage procurement process is required, it shall use the Request for Proposal method.

3.11 For international competitive procurement this method requires the use of the corresponding Bank’s Standard Selection Documents.

**Steps for using an RFB Selection Method in International Competitive Procurement**

**RFB - Prequalification**

3.12 The Borrower shall follow the steps as per the requirements for Prequalification in the RfP method above

**RFB Selection Process**

3.13 The Borrower shall follow the steps as per the requirements for the RfP Single Stage above.

**Requests for Quotations (RFQ)**

3.14 Requests for quotations is a selection method based on comparing price quotations obtained from firms. This method may be appropriate for procuring limited quantities of readily available off-the-shelf goods, standard specification commodities, or simple civil works, of small value, when it is more efficient than more competitive methods.

3.15 Quotations should be obtained through advertisement giving firms sufficient time, or through a request for quotations to a limited number of firms. To ensure competition, the Borrower shall request quotations from as many firms as appropriate. Request for Quotations through advertisement is the preferred method. If limited request for quotations are to be used, the Borrower shall be justify it on the basis of market conditions and the operational context of the project.

3.16 Request for quotations (RfQ) 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 date by which the quotations are needed. The Borrower shall keep records of all proceedings regarding RFQs.

**Direct Selection**

3.17 Proportional, fit for purpose and value for money 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.

3.18 Direct selection may be appropriate under the following circumstances:

a) Single-source Selection (preferred firm from several possible):
   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 work. The justification shall show that a new competitive process does not add value for money, the firm has performed acceptably in the previous contract, and the prices are comparable to the ones in the recently completed contract;
   
   iii. the procurement is for low-value, low-risk items 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 firm 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. the non-consulting services provided by state owned enterprises are of a unique and exceptional nature (i) because of the absence of a suitable private sector alternative, (ii) as a consequence of regulatory framework, and/or (iii)
because their participation is critical to project implementation (as per paragraph 3.25 (c) of the Procurement Regulations).

3.19 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 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.

Commercial Practices

3.20 Commercial Practices refers to the use of procurement methods used by the private sector for the provision of goods, works or non-consulting services. The Bank’s Core Procurement Principles shall be the standard to determine the acceptability of commercial practices.

Particular Types of Procurement Arrangements

3.21 In addition to the above mentioned approved selection methods, this annex describes the application of the particular types of procurement arrangements:

a) Competitive Dialogue;

b) Public Private Partnerships;

c) UN Agencies

d) Non-Profit Organizations

e) e-Reverse Auctions;

f) Imports;

g) Commodities;

h) Community Driven Development; and

i) Force Accounts

Competitive Dialogue

3.22 For further details see Annex XIII, Competitive Dialogue.
Public Private Partnerships

3.23 For further details see Annex XIV, Public Private Partnership.

UN Agencies

3.24 A UN agency\(^2\) 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.

3.25 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.

3.26 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 Terms and Conditions acceptable to the Bank.

3.27 For procurement from or through UN Agencies for which the Bank and a UN agency set up a framework agreement, the Borrower has an option to call-off under such framework agreement. For further details see Annex XV, Framework Agreements.

Non-Profit Organization

3.28 Competition between for profit and non-profit organizations skews the competitive process. Therefore, non-profit organization shall be allowed to compete only among themselves in procurement opportunities financed by the Bank. To procure the services of a non-profit organization, one of the approved selection methods indicated above shall be used, including direct procurement with the proper justification.

E-Reverse Auctions

3.29 The E-reverse auction is a particular application of a Request for Quotations 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.

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\(^2\) 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.
3.30 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.

3.31 E-Reverse auctions may be used when the Borrower's requirements are unambiguously specified and there is adequate competition among firms.

**Imports**

3.32 Where the Legal Agreement provides financing for a program of imports, RFB shall be used with simplified advertising and currency provisions may be used for large-value contracts, as defined in the Loan Agreement.

3.33 The period allowed for submission of bids may be reduced to four (4) weeks. Currency provisions for bidding and payment may be limited to one currency widely used in international trade.

**Commodities**

3.34 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 favourable market conditions and to keep inventories low. The price of these items normally fluctuates with global demand and supply. Procuring commodities may require accessing the established international marketplace.

3.35 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 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.

3.36 A framework arrangement may be established and a list of bidders drawn up to whom periodic invitations to bid are issued.

3.37 E-Reverse auction may also be used for procuring commodities from prequalified/registered firms if requirements can be unambiguously specified and there is adequate competition among firm.

**Community Driven Development**

3.38 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 non-profit organizations 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.

3.39 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 Request for Quotations, 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.

3.40 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 or the relevant project implementation document (manual) approved by the Bank and made publicly available by the Borrower.

**Force Accounts**

3.41 Force account may be used when works such as construction, installation of equipment or non-consulting services are carried out by a government department of the Borrower’s country using its own personnel and equipment. Force Account may only be used 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;

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) the project involves urgent repairs to prevent further damages, requiring prompt attention, or requiring works to be carried out in conflict-affected areas where private firms may not be interested.

**4. CONSULTING SERVICES**

**Approved Selection Methods for Firms**

4.1 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);
Approved Selection Methods for Individual Consultants

4.2 The Bank defines the following as approved selection methods for individual consultants:

a) Open Competitive Selection of Individual Consultants;

b) Limited Competitive Selection of Individual Consultants; and

c) Direct Selection.

Description of the Procedures for Selection of Firms

Shortlisting Provisions for Firms

4.3 The preparation of a short list of firms to provide consulting services is required for all selection methods except for direct selection, consultant’s qualification based selection and commercial practice. The Borrower is responsible for preparing the shortlist firms. The shortlist shall comprise of firms that expressed interest and that have the relevant experience, managerial and organizational capabilities for the assignment. The invitation to shortlisted firms for requests for proposals shall include the names of all shortlisted firms.

4.4 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.

4.5 The shortlist may comprise entirely national consultants if the assignment is below the ceiling established in the Procurement Plan approved by the Bank.

Shortlisting Process

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

a) Terms of Reference (TOR) – prepare the complete TORs for the assignment. The TOR shall define clearly the objectives, goals, and scope of the assignment, provide background information and be compatible with the budget;

b) Request for Expressions of Interests (REoI) –

i. Prepare the REOI in accordance with the template indicated in the Bank’s external website as per paragraph V.(5.15) of these Procurement Regulations and Procedures for Borrowers;

ii. the REOI shall include the complete terms of reference (TOR).
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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;
   
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;

f) **Shortlisting** – the Borrower shall evaluate the expressions of interest to determine the shortlist and communicate the results to firms that submitted expressions of interest Key personnel shall not be evaluated at this stage; and

Steps for Using the Approved Selection Methods for Consulting Services

**QCBS, FBS and LCS Methods**

**Quality Cost Based Selection (QCBS)**

4.7 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 Selection Documents 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 Selection Documents and are technically qualified, the proposal with the highest combined (quality and cost) score shall then be considered the most advantageous proposal.

4.8 QCBS may be appropriate when:

a) the type of service required is, not too complex or requires limited innovation;

b) the scope of work of the assignment can be precisely defined and the Terms of Reference (TOR) are clear and well specified; and

c) the Borrower and the firms can estimate with reasonable precision the staff time, the duration, inputs and costs required for the assignment.

4.9 See Common Procedures for QCBS, FBS and LCS below.

**Fixed Budget Based Selection**

4.10 Similar to QCBS, Fixed Budget Based Selection 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 Selection Documents shall specify the minimum score for the technical proposals.
4.11 Cost as a criteria is specified in the selection documents as a fixed budget that shall not be exceeded. Among the proposals which are responsive to the requirements of the Selection Documents, the proposal with the highest technical score that meets the fixed budget requirement is considered the most advantageous proposal. FBS may be 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 firms to perform the assignment.

4.12 See Common Procedures for QCS, FBS and LCS below.

**Least Cost Based Selection**

4.13 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. The Selection Documents shall specify the minimum score for the technical proposals. Among the proposals which are responsive to the requirements of the Selection Documents and that score higher than the minimum technical score, the proposal with the lowest evaluated cost shall then be considered the most advantageous proposal. LCS may be 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.

4.14 See Common Procedures for QCBS, FBS and LCBS below.

**Procedures for QCBS, FBS and LCS**

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

a) **Selection Documents** – prepare the RFP using the Bank’s corresponding Standard Selection Documents for RFPs;
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 Request for Proposals to all the shortlisted firms;
d) **Clarifications and Amendments** – shall meet the requirements of paragraph V.(6.19) 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 V.(6.20 -6.29)

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 paragraph V.(6.20 -6.29) 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 selection documents;

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. the Borrower shall conduct the opening of the financial proposal of the firm with the highest ranking technical proposal in the presence of the firms who submitted proposals and wish to attend.
   ii. 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** - the Borrower shall meet the requirements indicated in the selection documents

k) **Combined Quality and Cost Evaluation** - the Borrower shall meet the requirements of the selection documents.

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) **Records** – the Borrowers shall keep records of all proceeding of the procurement process; and

n) **Publication of results (Standstill)** – the Borrower shall publish the intention to award and the final contract award information in its website of free access, if available, and on UNDB online, and inform the firms that submitted proposals directly. The Borrower shall implement a standstill period in accordance with paragraph V.(6.40-6.46) of the Procurement Regulations .
Quality Based Selection (QBS)

4.16 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 selection documents request only the technical proposals, the firm with the highest-ranked technical proposal is invited to submit its financial proposals for negotiations.

4.17 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 client 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.

4.18 QBS Process:

a) Selection Documents – prepare the RFP using the Bank’s corresponding Standard Selection Documents for RFPs;

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 Request for Proposals to all the shortlisted firms;

d) Clarifications and Amendments – shall meet the requirements of paragraph V.(6.19) 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 paragraph V.(6.22 -6.29) 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 selection documents;

h) **Communications of Results** - the Borrower shall:
   i. notify the 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. the Borrower shall conduct the opening of the financial proposal of the firm with the highest ranking technical proposal in the presence of the firms who submitted proposals and wish to attend.
   ii. 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) **Negotiations** – the Borrower shall evaluate the financial proposal and negotiate the final contract;

k) **Records** – the Borrowers shall keep records of all proceedings of the procurement process; and

l) **Publication of results and Standstill** – the Borrower shall publish the intention to award and the final contract award information in its website of free access, if available, and on UNDB online, and inform directly to firms that submitted proposals. The Borrower shall implement a standstill period in accordance with paragraph V(6.40-6.46) of the Procurement Regulations.

**Consultant’s Qualification Based Selection (CQS)**

4.19 In CQS, the Borrower requests firms to submit their EoI in response to the Borrower’s REoI (to which a complete TOR shall be attached). 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 for REoI is not mandatory.

4.20 CQS is appropriate for small assignments or emergency situations where preparing and evaluating competitive proposals is not justified.

**Direct Selection of Consulting Firms**

4.21 Proportional, fit for purpose and value for money 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.

4.22 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 no advantage may be obtained by competition and the prices are reasonable;

   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;

   iii. There is a justifiable requirement to reengage a consultant that has previously completed a contract with the Borrower to perform a similar type of consulting services. The justification must show that a new competitive process does not add value for money, the consultant has performed acceptably in the previous contract, and the prices are comparable to the ones in the recently completed contract;

   iv. In exceptional cases, for example, in response to natural disasters and emergency situations declared by the Borrower and recognized by the Bank;

   v. For low value assignments, as agreed in the Procurement Plan.

b) Sole-source:
   i. When only one firm is qualified or has experience of exceptional worth for the assignment;

   ii. The consulting services provided by state owned enterprises (SOEs) are of a unique and exceptional nature (i) because of the absence of a suitable private sector alternative, (ii) as a consequence of regulatory framework, and/or (iii) because their participation is critical to project implementation (as per paragraph of3.25 (c) the Procurement Regulations); and

4.23 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 for items of a similar nature; and

b) the required consulting services are not split into smaller size procurement in order to avoid competitive processes.
4.24 The Borrower provides to the proposed firm the initial TOR to form the basis for negotiation.

**Commercial Practices**

4.25 Commercial Practices refers to the use of procurement methods used by the private sector for the provision of consulting services. The Bank’s Core Procurement Principles shall be the standard to determine the acceptability of commercial practices.

**Particular Types of Selection Arrangements for Consultants**

**UN Agencies**

4.26 A UN agency\(^3\) 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 consulting services, using its own procurement procedures. 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.

4.27 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.

4.28 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 Terms and Conditions acceptable to the Bank.

4.29 For procurement from or through UN Agencies for which the Bank and a UN agency set up a framework agreement, the Borrower has an option to call off under such framework agreement. For further details see Annex XV, Framework Agreements.

**Non-Profit Organizations**

4.30 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. NGOs may be included in the shortlist if they express interest and if the Borrower and the Bank are satisfied with their qualifications. For assignments that would benefit from local participation and local knowledge, the shortlist may comprise NGOs entirely. If so, an appropriate selection method (QCBS, FBS, LCS, or CQS), based on the nature, complexity, and size of the assignment, shall be applied with appropriate evaluation criteria reflecting the unique qualifications of NGOs. Borrowers may also select the NGOs on a direct

\(^3\) 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.
procurement basis, provided the criteria outlined in Direct Selection of Consulting Firms above are fulfilled.

Banks

4.31 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 Selection Documents shall indicate whether the financial evaluation will take into account the success fee, either in combination with the retainer fee or alone.

Procurement Agents

4.32 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. On behalf of the Borrower, the Procurement Agent shall follow all the procurement arrangements outlined in the Legal Agreement and Procurement Plan.

Approved Selection Methods for Individual Consultants

4.33 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 sufficient to meet the requirements of an assignment. 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.

4.34 The Bank defines the following as approved selection methods for individual consultants:

a) Open Competitive Selection of Individual Consultants;

b) Limited Competitive Selection of Individual Consultants; and

c) Direct Selection.

Open Competitive Selection of Individual Consultants

4.35 Advertisement for requests for expressions of interest (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.
World Bank Procurement Regulations for Borrowers

4.36 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.

Limited Competitive Selection of Individual Consultants

4.37 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.

Direct Selection of Individual Consultants

4.38 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 XIII
Competitive Dialogue

1. **PURPOSE**

1.1 This Annex describes the competitive dialogue selection method and its application.

2. **REQUIREMENTS**

2.1 Competitive Dialogue is a particular type of selection arrangement that uses an interactive multi-stage procurement process when dealing with particularly complex or innovative procurement.

2.2 Competitive Dialogue allows the Borrower to enter into dialogue with shortlisted firms, with the aim to better identify and define the means best suited to satisfy the Borrower’s requirements, and before inviting the firms to submit their full and final proposals. The Borrower shall justify in the Project Procurement Strategy for Development that the Competitive Dialogue is the most suitable selection arrangement for that procurement activity.

3. **UNDERTAKING A COMPETITIVE DIALOGUE SELECTION ARRANGEMENT**

3.1 The Competitive Dialogue procedure shall only be used for the particularly complex procurement where the Borrower:

   a) is not objectively able to define the technical means capable of satisfying its requirements
   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, that is 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.

3.2 The procurement process shall normally include the following phases.

**Phase 1 – Shortlisting**

Step 1: planning, preparation and issuance of 1st stage selection documents in accordance with the Bank procedures for RfP. The Borrower shall indicate the minimum and maximum number of firms that it intends to shortlist in the selection documents and shall describe the criteria for the shortlisting;

Step 2: receipt of 1st stage proposals; and
Step 3: evaluation of 1st stage proposals to shortlist firms to be invited for the competitive dialogue phase.

Phase 2 – Dialogue

Step 1: planning, preparation and issuance of dialogue selection documents in accordance with the Bank procedures for RfP;

Step 2: two way dialogue sessions developing all aspects of the proposal;

Step 3: submission and review of interim deliverables (if defined in the selection documents); and

Step 4: formal closure of the dialogue phase when the solution can be identified and all means of how to deliver the solution are identified and defined.

Phase 3: Final Proposal Submission

Step 1: planning, preparation and issuance of 2nd stage selection documents in accordance with the Bank procedures for RfP;

Step 2: receipt and evaluation of 2nd stage proposals;

Step 3: clarifications, if needed and if within the scope detailed in the selection documents; and

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

4. DIALOGUE PROCEDURES AND CONSIDERATIONS

4.1 The dialogue consists of confidential discovery and clarification meetings with one or more of the shortlisted firms to discuss all aspects of the proposal submitted, including price:

a) the objective of the meetings is for the Borrower to engage in a discovery and clarification process with each shortlisted firm to identify appropriate technical aspects or contractual terms and conditions to clarify any aspects of the shortlisted firms’ proposals. The outcome of the discovery and clarification meetings may be incorporated in amendments to the selection documents to be issued for the 2nd stage selection documents;

b) Interim deliverables, to confirm and test the understanding of the shortlisted firms of the requirements and to fine tune the proposal, may be required if defined in the selection documents. If a progressive elimination of shortlisted firms will take place based on the review of the interim deliverables, the process and criteria shall be described in the selection documents;

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 shortlisted firms, is determined by the Borrower based on its need to discover or clarify information included in the proposal by the shortlisted firm. The Borrower shall determine when further meetings are not necessary with a shortlisted firm and communicate this decision to the shortlisted firm;

e) the Borrower shall ensure fair treatment of participating firms and shall not provide information in a discriminatory manner which may give some firms an advantage over others;

f) firms 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 reveal to the other firms solutions proposed or any commercially confidential information communicated by a firm in the dialogue without that firm’s previous agreement;

h) the Borrower shall not use a firm’s commercially confidential information to enhance other proposals;

i) the discovery and 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 as result of these meetings;

j) the Borrower shall prepare confidential minutes of the meetings it has with each shortlisted firm. The corresponding minutes shall be communicated to each shortlisted firm as part of the invitation to submit final proposals. The minutes shall not form part of the final proposal selection documents; and

k) the Borrower will close the Dialogue and invite the firms to submit the Final Proposal, when the solution is identified with each firm and all the necessary means to deliver the solution are agreed.

**Final Proposal Submission Stage**

4.2 Final Proposal Submission procedures:

a) Once the Borrower has declared that the dialogues have ended, the Borrower shall consider making amendments to the selection documents to be used in the final proposal submission stage;

b) The final proposals shall be received, clarifications conducted if necessary and within the allowed scope, and the evaluation of the final proposals shall be made as per the criteria described in the selection documents;

c) the Borrower shall select the most advantageous proposal for contract award as per award criteria included in the selection documents; and

d) no negotiations are allowed after the dialogue phase is concluded.
1. PURPOSE

1.1 The purpose of this Annex is to outline the requirements to be met by Borrowers for due diligence and for the selection of the private partner in Public-Private Partnership (PPP) investment projects financed by the Bank.

2. REQUIREMENTS

2.1 In order to determine the best fit for purpose procurement approach, the business case and feasibility requirements section of this annex identifies the supporting information that the Borrower shall provide to inform the Bank’s due diligence.

2.2 The Bank decision to finance a PPP project will be based on, among other considerations, satisfying Bank’s due diligence requirements and Bank’s Core Procurement Principles.

2.3 The following phases are used to outline the Bank requirements, but may be undertaken in varying sequences by Borrowers:

   a) project assessment (including the initial business case, and feasibility and affordability assessments);
   b) project structuring (including determination of risk allocation, output specification, financial models, payment and performance mechanism);
   c) selection of the private partner (including selection methods, actual procurement, reporting and disclosure); and
   d) contract management.

2.4 Due to different sequencing of phasing, these projects may be presented to the Bank for financing at:

   a) prior to selection of the private sector partner; or
   b) after the selection of the private sector partner.

2.5 The decision to finance a PPP project depends on the level of information provided, the stage at which the Borrower makes the request and the financing structure of the project. Where the Bank is asked to provide finance after the private partner has been selected, the Borrower shall justify that the selection process was consistent with the Bank’s Core Procurement Principles in addition to the requirements set under this Annex.

2.6 In order to demonstrate that the PPP project presents value-for-money, the Borrower shall present Economic Analysis demonstrating that the project:
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a) presents the best solution for serving users and the Borrower’s requirements;

b) offers economic efficiency over the project life; and

c) justifies the selection of PPP procurement based on a robust business case and that the proposed PPP route presents advantages relative to other selection methods.

2.7 The Borrower shall demonstrate that there is adequate institutional capacity, either in-house or through external advisers, to prepare, structure, procure and manage the PPP project over the term of the contract.

3. **SELECTION OF THE PRIVATE PARTNER**

3.1 Where possible, the Borrower shall select the private partner using a competitive approach, by specifying required outputs and standards. Where competition is not feasible, Direct Selection with a single firm may be permitted where it is justified with an independently verifiable market sounding exercise. See Annex XII Selection Methods.

4. **BUSINESS CASE AND FEASIBILITY REQUIREMENTS**

4.1 The Borrower shall provide supporting documents during project preparation for due diligence assessment in relation to the business case.

**Project Identification Documentation**

4.2 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. The prioritization exercise, along with any hurdle rate that justifies the selection, shall also be presented along with ranking of the proposed PPP project.

**Feasibility Considerations Documentation**

4.3 The Borrower shall have conducted suitable economic and financial analysis to confirm:

a) whether the underlying project is adequately justified, irrespective of implementation as a PPP or through other public sector procurement;

b) that on the basis of a sound and quantified economic analysis the project presents best value for money, i.e. is cost-benefit justified, and the approach to delivering the benefits, considering the relevant technical, legal and environmental constraints. The quantitative demonstration of best value for money shall be available for assessment by the Bank or by an independent third party acceptable to the Bank. The analysis shall detail costs and revenues, presenting the prospective cash flows and accounting results over the life of the project; costs and user-fee revenues shall be subject to robust sensitivity analysis, demonstrating that the project can be paid by its users, or that any required government subsidies/payments are justified by the project’s impact on social welfare;

c) whether the project’s overall revenue requirements are within the capacity of users, the public authority, or both, to pay for the infrastructure service. This involves
checking the fiscal cost of the project, both in terms of regular payments, and fiscal risk, and establishing whether this can be accommodated within budget and other fiscal constraints. The analysis shall clearly indicate any viability gap in meeting overall revenue requirements and any intended capital contribution from the Borrower and other sources to meet those gaps.

d) That the project risks were identified and assessed, that mitigation measures were considered, and that the residual fiscal risk will not jeopardize fiscal sustainability. This will include a demonstration that the project’s political and fiscal risks can be adequately addressed by the Borrower, particularly in what refers to technological, demographical, legal, and policy change;

e) 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;

f) 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. This aspect shall be confirmed through projected financial returns from cash flow financial models.

4.4 Input assumptions, and sources used in feasibility considerations, shall also be presented.

4.5 The budgeting and fiscal impact analysis, prepared or confirmed by the Borrower, shall demonstrate the Borrower’s capacity, not only with the project fiscal costs and risks, but also with all the expenditures needed to project completion, namely land acquisition, relocation, compensation to third parties, and the monitoring of service and management of the contractual relationship with the private partner.

4.6 The economic and financial assumptions and results from the economic analysis, including the evolution of cash flows and accounting variable over the life of the project (taken as the term of contract) shall be included in a financial model in spreadsheet format, which also forms the basis for assessment of affordability of the project.

4.7 An independent review and third party assurance of the inputs, assumptions and results shall be included for consideration that is acceptable to the Bank.

5. **PPP STRUCTURE REQUIREMENTS**

**Output Specification**

5.1 The Borrower shall ensure that output requirements are included and the output specifications (to be presented in the draft contract with the selection documents, and in the final contract) include:

a) clear performance targets and output requirements that are specific, measurable, achievable, realistic, and time bound;

b) how performance will be monitored, that is, the information that must be gathered, by whom, to whom it should be reported, and when. This can include 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.

**Risk Allocation**

5.2 Based on the contractual provisions, a risk matrix shall be presented by the Borrower to the Bank, exhaustively listing project risks and their allocation to the contractual parties or to third parties.

5.3 Documentation shall be provided that risk transfer and allocation to the private partner is appropriate and that the private partner can efficiently manage the risks and cope with their consequences and has been tested through market sounding exercise for assessing market appetite and capability.

**Performance Payment Mechanism**

5.4 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.

5.5 The Borrower shall include the following elements in the mechanism:

a) Reward and penalty mechanisms – definition of sources of revenue (paid by users or a public authority, based on usage or availability, or a combination), and nature and level of penalties or bonus attached to key performance indicators (KPIs);

b) Payment procedures – definition of asset and service delivery and associated schedule of payments;

c) Automatic adjustment mechanisms – formula-based price and output adjustments, based on independent indicators, such as inflation indicators (e.g. consumer price index) and/or market references;

d) Change Mechanisms for handling variations, such as extraordinary reviews of tariffs, or changing service requirements;

e) Performance monitoring and verification procedures – information on reporting requirements; roles of Borrower’s Contract management team; independent verifiers and regulators; and

f) Contractual obligations including consequences of non-performance, dispute resolution procedures and termination provisions.
6. **PROJECT PROCUREMENT REQUIREMENTS**

**Approved Selection Methods**

6.1 The selection of the private sector partner shall be based on a competitive process. Where competition is not feasible, direct negotiations with a single bidder may be permitted. However, the Borrower shall demonstrate the lack of competition through a market sounding exercise which may be independently verified.

6.2 Lack of competition will require additional due diligence by the Borrower. In no circumstances shall the option for direct award be presented as reason for simplified business case, feasibility, or structuring studies.

6.3 In cases where intellectual property is crucial to the project implementation, such that it could not be implemented otherwise, direct negotiation may be warranted, along with procedures to benchmark project costs.

**Bids/Proposals Requirements**

6.4 Considering the need, for prospective bidders, to prepare their bids/proposals after proper consideration of all technical, financial, legal, and commercial factors, effective competition requires that the deadline for presentation of bids shall be adequate for the project submitted to bids/proposals.

6.5 In order to guarantee fair evaluation and to allow bidders to best serve Borrower’s interests, the evaluation criteria shall be included in the selection documents.

**Unsolicited Proposals**

6.6 Unsolicited proposals arise when a firm approaches the Borrower with a new project proposal. The detailed proposal is reviewed and may be approved, or rejected by the Borrower.

6.7 In all instances of unsolicited proposals, the process to assess and determine the best fit for purpose and value for money approach to awarding a contract initiated by an unsolicited proposal shall be clearly defined by the Borrower.

6.8 Acceptance of an unsolicited proposal requires adequate due diligence by the Borrower.

6.9 When the unsolicited proposal is accepted for a competitive selection method, the Borrower may use one of the following approaches:

a) The Borrower may compensate the firm that submitted the unsolicited proposal and then use an competitive selection method where the firm that submitted the unsolicited proposal;

b) In a two-stage selection process, the Borrower may allow the firm that submitted the unsolicited proposal to be automatically included in the second-stage;
c) If allowing any evaluation advantage, which shall be pre-disclosed in the selection documents, to the firm that submitted the unsolicited proposal, such as point bonus, the evaluation advantage shall be reasonable enough to ensure effective competition.

**Competitive Dialogue**

6.10 Used for complex projects, a competitive dialogue is allowed with bidders, in order to identify solutions that meet the needs of the contracting authority and thereby achieve value for money.

6.11 The Bank requirements for Competitive Dialogue are outlined in Annex XIII

**7. CONTRACT MANAGEMENT**

7.1 The Borrower shall diligently manage the implementation of a PPP contract.

7.2 The Bank requires, as part of its due diligence requirements, that the Borrower submit a contract management plan. For further details see Annex XI, Contract Management.
Annex XV
Framework Agreements

1. PURPOSE

1.1 This Annex lists the minimum requirements for establishing framework arrangements for contracts financed by the Bank. Such agreements may be existing borrower framework agreements to be used with Bank finance, or they may be established as part of a Bank financed project.

2. REQUIREMENTS

2.1 A Framework Agreement (FA) is an arrangement established with one or more firms or individuals (the panel) for the anticipated provision of goods, works, non-consulting services or consulting services, as and when required over a period of time. The agreement sets out terms and conditions under which specific selection (call-offs – directly or competitive) can be made throughout the term of the agreement. Its use is appropriate when a Borrower wishes to be ready to secure goods, works, non-consulting services or consulting services, without having to carry out a full procurement process each time goods or services are required.

2.2 For new FAs established as part of a Bank financed project, the procurement shall use an approved selection procedure outlined in Annex XII of these Procurement Regulations.

2.3 For pre-existing FAs and that are to be used with Bank finance, the Bank requires that borrowers provide evidence that the agreement was established consistent with the Bank’s Core Procurement Principles.

2.4 A framework agreement shall include the agreed terms and conditions under which the goods, minor works, non-consulting services and consulting services will be provided by the panel members.

2.5 For each activity under the agreement, the firm shall be selected from the panel using the secondary procurement process called a call-off. The selected firm shall be engaged under a purchase order or equivalent as defined in the call-off process.

2.6 Framework agreements may be appropriate under the following circumstances:

   a) there is frequent re-ordering based on the same (or similar) set of specifications;
   b) the volume required cannot be precisely predicted;
   c) the required delivery dates cannot be precisely predicted
   d) different entities of the Borrower procure the same goods, works, non-consulting services or consulting services;
some of such entities lack the capacity to procure and manage their contracts;
aggregating the demand from procuring entities will potentially lead to volume discounts;
crisis planning (such as for natural disasters)
no single firm is considered to have sufficient capacity;
a choice of firms is considered desirable; and
price and/or performance of the goods, minor works, non-consulting services or consulting services to be provided can be measured by well-established criteria.

2.7 The selection documents for FAs shall include the following information:

The method the Borrower will use to allocate the goods, works, non-consulting services or consulting services among the FA members (the call-off process);
That the framework agreement is not an exclusive arrangement 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
the Borrower will engage panel members as required and no guarantee 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. The Figure below shows this relationship.
2.8 Any framework agreement should 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 permitted and regulated by the terms of the contract.

2.9 Fees, charge rates, and any other associated costs shall be agreed to either in the 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.

2.10 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.

2.11 As part of the call-off process, firms shall be given an understanding of the scope of supply, work or services that they will be expected to perform. This normally requires providing them with specifications, or terms of reference. 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 Anticorruption Guidelines

Date: ____________________________
Invitation of Bids/Proposals No._______

To: _______________________________________________________________________

We, along with our subcontractors, consultants, sub-consultants, suppliers, service providers 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 Anticorruption Guidelines^.

We declare and warrant that we, along with our subcontractors, consultants, sub-consultants, suppliers, service providers and agents (whether declared or not), 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 documents] or pursuant to a decision of the United Nations Security Council;

We declare and warrant that we, along with our subcontractors, consultants, sub-consultants, suppliers, service providers 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 Anticorruption 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;

^ 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.
World Bank Procurement Regulations for Borrowers

c) Sanctions in accordance with the prevailing World Bank Group sanctions regime\(^5\), including a public declaration of suspension and ineligibility either indefinitely or for a stated period of time to:

(i) participate in a procurement process and to be awarded a World Bank-financed contract or otherwise benefit from a World Bank-financed contract; and

(ii) be a sub-contractor, sub-consultant, service provider or supplier of an otherwise eligible entity being or having been awarded a World 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 sanctions proceeding. We further understand that the ineligibility shall extend across the operations of the World Bank Group.

We shall permit, and shall cause our subcontractors, consultants, sub-consultants, suppliers, service providers and agents (whether declared or not), as well as our respective personnel, to permit the World Bank to inspect all accounts, records and other documents relating to the procurement and execution of the contract and to have them audited by auditors appointed by the World Bank. Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact finding activities undertaken by the World Bank or inspectors appointed by the World Bank to address specific matters related to investigations, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. The latter 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 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 provided.

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

\(^5\) The World Bank’s sanctions procedures are publicly disclosed on the World Bank’s external website.