

THE WORLD BANK

Procurement Regulations for IPF Borrowers

PROCUREMENT IN INVESTMENT PROJECT FINANCING

Goods, Works, Non-Consulting and Consulting Services

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Revised November 2017 and August 2018

THE WORLD BANK
IBRD • IDA

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Those wishing to submit comments or questions on these Regulations or to obtain additional information on procurement under World Bank-financed projects are encouraged to contact:

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Foreword

Welcome to the World Bank Procurement Regulations for IPF Borrowers (Regulations).

Our vision is:

"Procurement in IPF operations supports Borrowers to achieve value for money with integrity in delivering sustainable development"

The Regulations have been written to support this vision, and reflect the extensive feedback received from stakeholders involved in IPF procurements financed by the World Bank. They are designed to support a modern, fit for purpose procurement framework. The Regulations detail many options to tailor individual procurement processes to meet operational needs and deliver the right result.

Borrowers using the Regulations spend billions each year procuring the works, services, or goods they need from third-party suppliers, contractors and consultants. Procurements under these Regulations happen in over 170 countries across the globe. They cover diverse locations and some challenging operating environments. Procurements range from highly complex infrastructure, cutting edge consultancy, major pieces of plant/equipment, high tech information technology, research and development, and critical supplies, to simple, routine goods and services. Therefore, these Regulations must be practical, in all situations, to ensure the correct procurement approach is used to deliver the right results.

The Regulations are guided by the following core procurement principles: value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness.

In supporting the core procurement principles, the Regulations provide many choices for Borrowers to design the right approach to market. The Regulations also specify the rules that must be followed, so that it is easier, for all those involved, to understand the procurement process.

Complementing the Regulations are a series of Standard Procurement Documents (SPDs), Guidance, and a set of briefing, training and e-learning materials - all accessible through www.worldbank.org/procurement.

Undertaking any procurement can be a challenging prospect. The World Bank is there to support its Borrowers as needed. For more information please contact your local World Bank representative, or see www.worldbank.org/procurement.

We wish you every success in using these Regulations, and look forward to supporting you to deliver your project development objectives.

Common Abbreviations and Defined Terms

This section explains the common abbreviations and defined terms that are used in these Regulations. Defined terms are written using capital letters.

Abbreviation / term	Full terminology / definition
Annex	An Annex to these Procurement Regulations for Borrowers.
Applicant	A firm or joint venture that submits an Application in response to an invitation for Prequalification or Initial Selection.
Application	A document submitted by an Applicant in response to an invitation for Prequalification or Initial Selection.
BAFO	Best and final offer.
Bank	IBRD and/or IDA (whether acting on its own account or in its capacity as administrator of trust funds provided by other donors).
Bid	An offer, by a firm or joint venture, in response to a Request for Bids, to provide the required Goods, Works or Non-consulting Services.
Bidder	A firm or joint venture that submits a Bid for Goods, Works, or Non-consulting Services in response to a Request for Bids.
BOO	Build, own, operate.
BOOT	Build, own, operate and transfer.
Borrower	A borrower or recipient of Investment Project Financing (IPF) and any other entity involved in the implementation of a project financed by IPF.
BOT	Build, operate, and transfer.
Business Day	Any day that is an official working day of the Borrower. It excludes the Borrower's official public holidays.
CDD	Community-driven development.
CIP	Incoterm meaning Carriage and Insurance Paid to (named place of destination).
Competitive Dialogue	A selection method for Goods, Works or Non-consulting Services described in Paragraphs 6.39 to 6.41 and Annex XIII.

Abbreviation / term	Full terminology / definition
Complaint	A procurement-related complaint as described in Paragraphs 3.26 to 3.31 and Annex III, Procurement-related Complaints.
Consultant	A variety of private and public entities, joint ventures, or individuals that provide services of an advisory or professional nature. Where the Consultant is an individual they are not engaged by the Borrower as an employee.
Consulting Services	Covers a range of services that are of an advisory or professional nature and are provided by Consultants. These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants or communications consultants. Advisory and project related Consulting Services include, for example: feasibility studies, project management, engineering services, finance and accounting services, training and development.
Contract Award Notice	The published award of contract notice as described Paragraphs 5.93 to 5.95.
Core Procurement Principles	The Bank's Core Procurement Principles (value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness) are set out in detail in Section III. C of the Bank Policy: Procurement in IPF and Other Operational Procurement Matters.
CQS	Consultant's qualifications based selection.
Emergency Situations	For the purposes of these Procurement Regulations, Emergency Situations include those cases where the Borrower/beneficiary or, as appropriate, the member country is deemed by the Bank to be in urgent need of assistance because of a natural or man-made disaster or conflict.
EOI	Expression of Interest.
FA	Framework Agreement.
FBS	Fixed-budget Based Selection; a method of evaluating the selection of Consultants where Proposals are based on a fixed budget.
Fraud and Corruption	The sanctionable practices of corruption, fraud, collusion, coercion and obstruction defined in the Anti-Corruption Guidelines and reflected in paragraph 2.2a of Annex IV of these Procurement Regulations.

Abbreviation / term	Full terminology / definition
Goods	A category of procurement that includes: commodities, raw material, machinery, equipment, vehicles, Plant, and related services such as transportation, insurance, installation, commissioning, training, and initial maintenance,
GPN	General Procurement Notice.
IBRD	International Bank for Reconstruction and Development.
IDA	International Development Association.
In Writing	This means communicated or recorded in written form. It includes, for example: mail, e-mail, fax or communication through an electronic procurement system (provided that the electronic system is accessible, secure, ensures integrity and confidentiality, and has sufficient audit trail features).
Incoterms	The international commercial terms for goods published by the International Chamber of Commerce (ICC).
Initial Selection (IS)	The shortlisting process used prior to inviting request for proposals in the procurement of Goods, Works or Non-consulting Services.
Investment Project Financing (IPF)	The Bank's financing of investment projects that aims to promote poverty reduction and sustainable development. IPF supports projects with defined development objectives, activities, and results, and disburses the proceeds of Bank financing against specific eligible expenditures.
KPI	Key Performance Indicator.
LCS	Least-cost-based Selection: a method of evaluating the selection of Consultants based on the lowest price.
Legal Agreement	Each agreement with the Bank providing for a loan for a project, including Procurement Plan and all documents incorporated by reference. If the Bank enters into a project agreement with an entity implementing the project, the term includes the project agreement.
Most Advantageous Bid/Proposal	As defined in Annex X, Evaluation Criteria.
National Language	As described in Paragraphs 5.14 to 5.18, the National Language is, either: a. the national language of the Borrower, or

Abbreviation / term	Full terminology / definition
	b. the language used nationwide in the Borrower's country for commercial transactions, and the Bank is satisfied that this is the language used.
NGO	Non-governmental Organization.
Non-consulting Services:	Services which are not Consulting Services. Non-consulting Services are normally bid and contracted on the basis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples include: drilling, aerial photography, satellite imagery, mapping, and similar operations.
Notification of Intention to Award	The notice transmitted to Bidders/Proposers/Consultants informing them of the intention to award the contract, as described in Paragraphs 5.72 to 5.77.
Paragraph	A numbered paragraph within these Procurement Regulations. It excludes paragraphs in the Annexes.
Plant	The provision of equipped facilities, such as those executed on the basis of design, supply, installation and commissioning.
PPP	Public-Private Partnership.
Prequalification	The shortlisting process which can be used prior to inviting request for bids in the procurement of Goods, Works or Non-consulting Services.
Probity Assurance Provider	An independent third party that provides specialist probity services for concurrent monitoring of the Procurement Process.
Procurement Documents	A generic term used in these Procurement Regulations to cover all Procurement Documents issued by the Borrower. It includes: GPN, SPN, REOI, prequalification document, initial selection document, request for bids document, request for proposal documents, forms of contracts and any addenda.
Procurement Plan	The Borrower's Procurement Plan for IPF projects, as referred to in Paragraphs 4.4 and 4.5, and incorporated by reference in the Legal Agreement.
Procurement Process	The process that starts with the identification of a need and continues through planning, preparation of specifications/ requirements, budget considerations, selection, contract

Abbreviation / term	Full terminology / definition
	award, and contract management. It ends on the last day of the warranty period.
Procurement Regulations	The "World Bank Procurement Regulations for IPF Borrowers".
Project Procurement Strategy for Development (PPSD)	A project-level strategy document, prepared by the Borrower, that describes how procurement in IPF operations support the development objectives of the project and deliver VfM.
Proposal	An offer, in response to a request for proposals, which may or may not include price, by one party to provide Goods, Works, Non-Consulting Services or Consulting Services to another party.
Proposer	An individual entity or joint venture that submits a Proposal for Goods, Works, and Non-consulting Services in response to a request for proposals.
QBS	Consultants Quality-based Selection.
QCBS	Consultants Quality and Cost-based Selection.
REoI	Request for Expressions of Interest.
RFB	Request for Bids as a selection method.
RFP	Request for Proposals as a selection method.
RFQ	Request for Quotations as a selection method.
Section	A Section within these Procurement Regulations for Borrowers.
Shortlist	The shortlisting process used prior to inviting request for proposals in the procurement of Consulting Services.
SOEs	State-owned Enterprise or institution.
SPN	Specific Procurement Notice.
Standard Procurement Documents (SPDs)	Procurement documents issued by the Bank to be used by Borrowers for IPF financed projects. These include, GPN, SPN, REOI, Standard Prequalification documents, Initial Selection documents, Request for Bids documents, and Request for Proposals documents.
Standstill Period	The period following the Notification of Intention to Award as described in Paragraphs 5.78 to 5.80.
TOR	Terms of Reference.

Abbreviation / term	Full terminology / definition
UN Agency	UN Agency broadly refers to the United Nations departments, specialized agencies, and their regional offices, funds, and programs.
UNDB Online	UN Development Business online. www.devbusiness.com
VfM	Value for Money.
WBG's Sanctions Framework (Sanctions Framework)	A framework consisting of WBG Policy, "Sanctions for Fraud and Corruption", and other related regulations adopted by the Bank.
Works	A category of procurement that refers to construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structures, and related services such as transportation, insurance, installation, commissioning, and training.

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Section I. Introduction

1.1 Procurement in Investment Project Financing (IPF) supports Borrowers to achieve value for money (VfM) with integrity in delivering sustainable development.

1.2 The Bank is required by its Articles of Agreement to "make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations." In accordance with this requirement, and other applicable Bank rules, the Bank has adopted the World Bank Procurement Regulations for IPF Borrowers (Procurement Regulations) governing the procurement of Goods, Works, Non-consulting Services, and Consulting Services for IPF operations to be financed in whole, or in part, by the Bank.

1.3 While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, the following Bank's Core Procurement Principles generally guide Bank decisions under these Procurement Regulations: value for money, economy, integrity, fit for purpose, efficiency, transparency and fairness.

Section II. General Considerations

Applicability

2.1 The Legal Agreement governs the legal relationship between the Borrower and the Bank. The Procurement Regulations are applicable to the procurement of Goods, Works, Non-consulting Services and Consulting Services in IPF operations, as provided for in the Legal Agreement. The rights and obligations of the Borrower and the providers of Goods, Works, Non-consulting Services and Consulting Services for IPF operations are governed by the relevant request for bids/request for proposals document and by the contracts signed by the Borrower and the providers of Goods, Works, Non-consulting Services, and Consulting Services, and not by these Procurement Regulations or the Legal Agreement. No party other than the parties to the Legal Agreement shall derive any rights from, or have any claim to, financing proceeds.

2.2 The Procurement Regulations do not apply to the procurement of Goods, Works, Non-consulting Services, and Consulting Services financed by the Bank:

a. under projects where the Bank Guarantees, provided by the Bank; and

b. through loans made by eligible financial intermediaries to private borrowers.

2.3 For contracts that are not financed by the Bank, but are included in the scope of a Bank-financed project, the Borrower may adopt other procurement rules and procedures if the Bank is satisfied that:

a. the rules and procedures will fulfill the Borrower's obligations to carry out the project diligently and efficiently; and

b. the Goods, Works, Non-consulting Services or Consulting Services to be procured:

i. are specified to a satisfactory quality, are compatible with the other elements of the project, and are consistent 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.

Alternative Procurement Arrangements

2.4 At the Borrower's request, the Bank (subject to its policies and rules, and applicable fiduciary and operational requirements), may agree to:

a. rely on and apply the procurement rules and procedures of another multilateral or bilateral agency or organization, and may agree to such a party taking a leading role in providing the implementation support and monitoring of procurement activities; and

b. rely on and apply the procurement rules and procedures of an agency or entity of the Borrower.

Section III. Governance

Governance

3.1 The governance of procurement in IPF operations shall be managed through clear and transparent lines of accountability, and the clear definition of the roles and responsibilities of each party.

Roles and Responsibilities

Borrower

3.2 The Borrower is responsible for carrying out procurement activities financed by the Bank in accordance with these Procurement Regulations. This includes planning, strategizing, seeking and evaluating Applications/Quotations/Bids/Proposals, and awarding and managing contracts. The Borrower shall retain all Procurement Documents and records of procurements financed by the Bank, as required in the Legal Agreement.

3.3 The Borrower may engage independent Probity Assurance Providers to be present during different stages of the Procurement Process, including: engagements/discussions with firms, Bid/Proposal opening, evaluation, negotiations, contract award decisions, and/or contract execution. Where the Bank requires the Borrower to appoint a Probity Assurance Provider, the Borrower shall obtain the Bank's agreement to the selection and appointment.

Bank

3.4 To ensure that Bank funds are used only for the purposes for which the financing was granted, the Bank carries out its procurement functions, including implementation support, monitoring and procurement oversight, under a risk-based approach. For details see Annex II, Procurement Oversight.

Prior and Post Review

3.5 The Bank carries out prior reviews of procurement activities that are of high value and/or high risk to determine whether the procurement is carried out in accordance with the requirements of the Legal Agreement.

3.6 The Bank also carries out post reviews of procurement activities 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 carryout the reviews in accordance with the terms of reference (TOR) provided to it by the Bank.

3.7 Whether a procurement is subject to prior or post review is determined on the basis of the project and contract-specific procurement risks. These risks are assessed by the Bank during project preparation and reassessed and updated during project implementation.

3.8 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 and appropriate, as determined by the Bank, the Bank may require the Borrower to revise the prior and/or post review requirements in the Procurement Plan.

Independent Procurement Reviews

3.9 Independent procurement reviews are procurement audits performed by independent third parties appointed by the Bank when the Bank determines the need for such a review based on its assessment of risk. The Borrower shall cooperate with the third parties and provide all necessary access.

Hands-on Expanded Implementation Support

3.10 The Bank may agree to provide the Borrower with hands-on expanded implementation support for procurement where the Borrower/beneficiary or, as appropriate, the member country, is deemed by the Bank to:

a. be in urgent need of assistance because of a natural or man-made disaster or conflict; or

b. experience capacity constraints because of fragility or specific vulnerabilities (including small states).

3.11 The scope and nature of such support is determined by the Bank on a case-by-case basis. Such support does not result in the Bank's executing procurement on behalf of the Borrower, and project execution remains the Borrower's responsibility.

Firms and Individuals

3.12 The effective participation and performance of high-quality firms and individuals is critical to achieve effective competition and VfM throughout the whole Procurement Process.

3.13 Firms and individuals participating in procurement in Bank IPF operations are responsible for complying with the requirements of the Procurement Documents and the contract which they may enter with the Borrower.

Conflict of Interest

3.14 The Bank requires that firms or individuals involved in Bank IPF procurement shall not have a conflict of interest.

Goods, Works, and Non-consulting Services

3.15 A firm shall be considered to have a conflict of interest if the firm:

a. is providing Goods, Works, or Non-consulting Services resulting from, or directly related to, Consulting Services that it provided for the preparation or implementation of a project, or where such services were provided by an 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;

b. including its personnel, has a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower who:

   i. is directly or indirectly involved in the preparation of the Procurement Documents or contract specifications, and/or the evaluation process of such contract;

   ii. would be involved in the execution or supervision of such contract, unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Bank throughout the procurement process and execution of the contract; or

c. does not comply with any other conflict of interest situation as specified in the Bank's Standard Procurement Documents relevant to the specific procurement process.

Consulting Services

3.16 The Bank requires that Consultants:

a. provide professional, objective and impartial advice;

b. at all times hold the Borrower's interests paramount, without any consideration of future work; and

c. in providing advice they avoid conflicts with other assignments and their own corporate interests.

3.17 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. a firm that has been engaged by the Borrower to provide Goods, Works, or Non-consulting Services for a project (or an 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. 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;

b. a firm that has been engaged by the Borrower to provide Consulting Services for the preparation or implementation of a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that Consulting firm), shall be disqualified from subsequently providing Goods, Works, or Non-consulting Services resulting from, or directly related to those Consulting Services. 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. neither a Consultant (including personnel and sub-consultants), nor an affiliate (that directly or indirectly controls, is controlled by, or is under common control with that Consultant), shall be hired for any assignment that, by its nature, creates a conflict of interest with another assignment of the Consultant;

d. Consultants (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, that is 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 the 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.

Unfair Competitive Advantage

3.18 Fairness and transparency in the selection process require that Consultants 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 short-listed Consultants, together with the request for proposals document, all information that would give a Consultant a competitive advantage.

One Bid/Proposal per Bidder/Proposer/Consultant

Goods, Works, and Non-consulting Services

3.19 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/Proposals. Submitting or participating in more than one Bid/Proposal results in the disqualification of all Bids/Proposals in which the firm is involved. This does not limit the inclusion of a firm as a subcontractor in more than one Bid/Proposal. However, for certain types of procurement, the participation of a Bidder/Proposer as a subcontractor in another Bid/Proposal may be permitted as allowed by the Bank's Standard Procurement Documents applicable to such types of procurement.

Consulting Services

3.20 A Consultant shall not submit more than one Proposal, either individually or as a joint venture partner in another Proposal. If a Consultant, including a joint venture partner,

submits or participates in more than one Proposal, all such Proposals shall be disqualified. However, this does not preclude a firm's participation as a sub-consultant, or an individual's participation as a team member, in more than one Proposal when circumstances justify and if permitted by the request for proposals document.

Eligibility

3.21 The Bank permits eligible firms and individuals from all countries to offer Goods, Works, Non-consulting Services, and Consulting Services for Bank-financed projects.

3.22 In connection with any procurement to be financed in whole or in part by the Bank, the Borrower shall not deny participation of, or award to, an Applicant/ Bidder/Proposer/Consultant for reasons unrelated to:

a. its capability and resources to successfully perform the contract; or

b. conflict of interest situations covered under Paragraphs 3.14 to 3.17 (Conflict of Interest).

3.23 As exceptions to Paragraphs 3.21 and 3.22:

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, Non-consulting Services, or for the procurement of Consulting Services. When the procurement is implemented across jurisdictional boundaries (more than one country is involved in the procurement), exclusion of a firm or individual on this 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; 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. When 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.

b. State-owned enterprises (SOEs) or institutions of the Borrower's country may be eligible to compete and be awarded contracts in the Borrower's country only if they can establish, in a manner acceptable to the Bank, that they:

i. are legally and financially autonomous;

ii. operate under commercial law; and

iii. are not under supervision by the agency contracting them.

c. As an exception to Paragraph 3.23 b., when the Goods, Works, Non-consulting Services, or Consulting Services provided by SOEs, state-owned universities,

research centers, or institutions 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. On a case-by-case basis, the Bank may agree to the hiring of government officials and civil servants of the Borrower's country under Consulting contracts in the Borrower's country, either as individuals or as members of the team of experts proposed by a Consulting firm, only when:

   i. the services of the 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. their hiring does not conflict with any laws, regulations, or policies of the Borrower.

e. A firm or individual declared ineligible, sanctioned pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework. For details see Annex IV, Fraud and Corruption.

f. If requested by the Borrower, the Bank may agree that in Bank-financed contracts, the request for bids/request for proposals document states 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 is ineligible to be awarded a Bank-financed contract, provided that the 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.

Noncompliance

3.24 If the Bank determines that the Borrower has not complied with the procurement requirements set out in the Legal Agreement, the Bank may, in addition to exercising the legal remedies set out in the Legal Agreement, take other appropriate actions, including declaring misprocurement (for example, due to the failure to address complaints in accordance with applicable requirements).

3.25 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.

Procurement-related Complaints

3.26 Procurement-related complaints (Complaints) should be submitted to the Borrower in a timely manner, at the appropriate stage of the procurement process, and when so submitted, the Borrower shall address them promptly and fairly. Timeliness, in both the submission of Complaints and their resolution, is of critical importance in order to avoid undue delay and disruption in the project of which the procurement is a part.

3.27 All Complaints shall be recorded by the Borrower in the appropriate tracking and monitoring system, as agreed between the Bank and the Borrower.

3.28 Those Complaints arising in connection with contracts for which the Bank's Standard Procurement Documents (SPDs) are required to be used, shall be administered and handled in accordance with Annex III, Procurement-related Complaints. The contracts where the Borrower shall use the Bank's SPDs shall be specified in the Procurement Plan for the project.

3.29 Whenever the Bank's SPDs are required to be used, a Standstill Period shall apply, unless otherwise provided under Paragraph 5.80.

3.30 Complaints, other than those covered under Annex III, Procurement-Related Complaints, are to be handled by the Borrower in accordance with the applicable complaint review rules and procedures as agreed by the Bank.

3.31 A Complaint that includes allegations of Fraud or Corruption may require special treatment. The Borrower and the Bank shall consult to determine any additional actions that may be necessary.

Fraud and Corruption

3.32 The Bank requires application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. For details see Annex IV, Fraud and Corruption.

Section IV. PPSD and Procurement Plan

Project Procurement Strategy for Development

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 (VfM) under a risk-based approach. It shall provide adequate justification for the selection methods in the Procurement Plan. The level of detail and analysis in the PPSD shall be proportional to the risk, value and complexity of the project procurement. The initial Procurement Plan shall normally cover at least the first eighteen (18) months of the project implementation.

4.2 The Borrower prepares the PPSD and Procurement Plan during project preparation, and the Bank reviews the PPSD and agrees to the Procurement Plan before the completion of loan negotiations. The Procurement Plan, approved by the Bank during loan negotiations, is incorporated by reference in the Legal Agreement, making it legally binding on the Borrower. The Borrower shall submit updates of the Procurement Plan to the Bank for its review and approval. Once it has provided its no-objection, the Bank arranges for the publication of the Procurement Plan and all its updates on its external website. For details, see Annex V, Project Procurement Strategy for Development.

4.3 The Borrower may prepare a high level, simplified PPSD in situations of urgent need of assistance because of a natural or man-made disaster or conflicts recognized by the Bank, provided that the simplified procurement arrangements in the PPSD are consistent with the Bank's Core Procurement Principles.

Procurement Plan

4.4 The Procurement Plan, including its updates, shall include:

a. a brief description of the activities/contracts;

b. the selection methods to be applied;

c. cost estimates;

d. time schedules;

e. the Bank's review requirements; and

f. any other relevant procurement information.

4.5 For Emergency Situations, the simplified Procurement Plan may be completed during the implementation stage.

Section V. Procurement Provisions

Advance Contracting and Retroactive Financing

5.1 The Borrower may wish to proceed with the procurement process before signing the Legal Agreement. In such cases, if the eventual contracts are to be eligible for Bank IPF the procurement procedures, including advertising, shall be consistent with Sections I, II and III of these Procurement Regulations. A Borrower undertakes such advance procurement at its own risk, and any concurrence by the Bank on the procedures, documentation, or proposal for award of contract, does not commit the Bank to finance the project in question.

5.2 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.

National Procurement Procedures

5.3 When approaching the national market, as agreed in the Procurement Plan, the country's own procurement procedures may be used. These procurement procedures shall be consistent with the Bank's Core Procurement Principles and ensure that the Bank's Anti-Corruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply.

5.4 For national open competitive procurement the following requirement apply:

a. open advertising of the procurement opportunity at the national level;

b. the procurement is open to eligible firms from any country;

c. the request for bids/request for proposals document shall require that Bidders/Proposers submitting Bids/Proposals present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the Bank's Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights;

d. Procurement Documents include provisions, as agreed with the Bank, intended to adequately mitigate against environmental, social (including sexual exploitation and abuse and gender-based violence), health and safety ("ESHS") risks and impacts;

e. contracts with an appropriate allocation of responsibilities, risks, and liabilities;

f. publication of contract award information;

g. rights for the Bank to review procurement documentation and activities;

h. an effective complaints mechanism; and

i. maintenance of records of the Procurement Process.

5.5 Other national procurement arrangements (other than national open competitive procurement), that may be applied by the Borrower (such as limited/restricted competitive

bidding, request for quotations/shopping, direct contracting), shall be consistent with the requirements set out in paragraph 5.3 of this Section.

5.6 In all cases, the national procurement procedures to be used shall give due attention to quality aspects.

Urgent Need of Assistance and Capacity Constraints

5.7 The Bank may accept the use of the Borrowers' national procurement arrangements in accordance with the relevant provisions of these Procurement Regulations in situations where the Borrower/beneficiary or, as appropriate, the member country, is deemed by the Bank to:

a. be in urgent need of assistance because of a natural or man-made disaster or conflict (Emergency Situations); or

b. experience capacity constraints because of fragility or specific vulnerabilities (including small states).

Electronic Procurement Systems

5.8 Borrowers may use electronic procurement systems (e-Procurement) for aspects of the Procurement Process, including: issuing Procurement Documents, and addenda, receiving Applications/quotations/Bids/Proposals, and carrying out other procurement actions, provided the Bank is satisfied with the adequacy of the system, including its accessibility, security and integrity, confidentiality, and audit trail features.

Procurement Planning and Tracking Tool

5.9 Unless otherwise agreed with the Bank in the Legal Agreement, the Borrower shall use the Bank's online procurement planning and tracking tools to record all procurement actions under IPF operations, including preparing, updating and clearing its Procurement Plan, and seeking and receiving the Bank's review and No-objection to procurement actions as required.

Leased Assets

5.10 Leasing may be appropriate when there are economic and/or operational benefits to the Borrower (e.g., lower financing costs, tax benefits, assets used for a temporary period, reducing risks of obsolescence). Borrowers may use leasing if it is agreed with the Bank and specified in the Procurement Plan. Appropriate risk mitigation measures shall also be agreed with the Bank.

Procurement of Second-hand Goods

5.11 If agreed with the Bank and specified in the Procurement Plan, the Borrower may procure second-hand Goods if doing so would provide an economic and efficient means of achieving the project's development objectives. The following requirements shall apply:

a. any risk mitigation measures that may be necessary shall be reflected in the PPSD;

b. the procurement of second-hand Goods shall not be combined with 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. appropriate warranty provisions shall be specified.

Sustainable Procurement

5.12 If agreed with the Bank, Borrowers may include additional sustainability requirements in the Procurement Process, including their own sustainable procurement policy requirements, if they are applied in ways that are consistent with the Bank's Core Procurement Principles. For details see Annex VII, Sustainable Procurement.

Value Engineering

5.13 Value engineering is a systematic and organized approach to provide the necessary functions in a contract at the optimal cost. Value engineering promotes the reduction of time or the substitution of materials, methods, or less expensive alternatives, all without sacrificing needed functionality, longevity, or reliability. Value engineering should normally enhance performance, reliability, quality, safety, durability, effectiveness, or other desirable characteristics. Request for bids/request for proposals documents may allow the application of value engineering. The mechanism for application of value engineering during contract execution shall be as specified in the contract documents.

Language

5.14 For international competitive procurements, all Procurement Documents shall be in English, French, or Spanish, as the Borrower chooses. The Borrower may also issue translated versions of these documents in another language, which should be the National Language. The National Language is, either:

a. the national language of the Borrower; or

b. the language used nationwide in the Borrower's country for commercial transactions, and the Bank is satisfied that this is the language used.

5.15 The Borrower shall take full responsibility for the correct translation of the documents into the National Language. In case of any discrepancy, the text in English, French, or Spanish prevails. If Procurement Documents are issued in two languages, potential Applicants/Bidders/Proposers/ Consultants may submit their Applications/Bids/Proposals in either of those two languages.

5.16 For international competitive procurement that is subject to prior review, the Borrower has the responsibility to furnish to the Bank an accurate translation of the evaluation report for Prequalification/Initial Selection/Shortlisting/Bid/Proposal, draft contract and the conformed copy of the contract in the internationally used language specified in the request

for bids/request for proposals documents, that is, English, French, or Spanish. The Borrower shall also furnish to the Bank an accurate translation of any subsequent modifications of such contracts.

5.17 For national procurement, Procurement Documents may be in the National Language. When the Procurement Documents are in the National Language, the Bank may require the Borrower to provide, for its review, an accurate translation in English, French, or Spanish.

5.18 The contract signed with the winning Bidder/Proposer/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/ Proposer/Consultant. The contract shall not be signed in more than one language.

Confidential Information

5.19 Without prejudice to the principle of transparency and other obligations pursuant to these Procurement Regulations, in particular those relating to the publication of the Contract Award Notice and debriefing of unsuccessful Bidders/Proposers/Consultants, the Borrower shall not disclose information provided by Applicants/Bidders/Proposers/ Consultants in their Applications/Bids/Proposals, which they have marked as confidential. This may include proprietary information, trade secrets and commercial or financially sensitive information.

Release of Evaluation Information

5.20 The Borrower shall treat information relating to the examination, clarification, and evaluation of Applications/Bids/Proposals in such a way as to avoid disclosure of their contents to any other Applicant/Bidder/Proposer/Consultant participating in the selection process, or any other party not authorized to have access to this type of information, until the Borrower notifies the outcome of evaluation of Applications/Bids/Proposals, in accordance with the procedures in the applicable Procurement Documents.

Communications

5.21 Communications between the Borrower and Applicants/Bidders/Proposers/Consultants during the different stages of the Procurement Process shall be In Writing with proof of receipt. The Borrower shall keep a written record of meetings, such as: early market engagement, Competitive Dialogue, and exploratory/clarification meetings.

Publication of Procurement Opportunities

5.22 Timely notification of procurement opportunities is essential in competitive procurement. A General Procurement Notice (GPN) is required for all procurement financed by the Bank that is expected to involve open international competitive procurement (except for operations involving a program of imports). The Borrower is required to prepare and submit to the Bank a GPN before beginning any procurement activity under a project. The Bank

arranges for the publication of the GPN in UN Development Business online (UNDB Online) and on the Bank's external website. The GPN contains the following information:

a. the name of the Borrower (or prospective Borrower);

b. the purpose and amount of the financing;

c. the scope of procurement reflecting the Procurement Plan;

d. the Borrower's contact point;

e. if available, the address of a free-access website on which the subsequent Specific Procurement Notice/s (SPNs) will be posted; and

f. if known, an indication of the scheduled dates for the specific procurement opportunities.

5.23 The Borrower shall advertise the SPN:

a. on its free-access website, if available;

b. in at least one newspaper of national circulation in the Borrower's country; or

c. in the official gazette.

5.24 For open international competitive procurement:

a. the Borrower shall also publish the SPN in UNDB online and, if possible, in an international newspaper of wide circulation; and

b. the Bank arranges for the simultaneous publication of the SPN on its external website.

Standard Procurement Documents

5.25 For international competitive procurement, the Borrower shall use the Bank's Standard Procurement Documents (SPDs), available on its external website at www.worldbank.org/procurement/standarddocuments. For Procurement involving national competitive Procurement, the Borrower may use its own Procurement Documents, acceptable to the Bank.

Standards and Technical Specifications

5.26 Standards and technical specifications in applicable Procurement Documents shall promote the broadest possible competition, while ensuring performance or other requirements for the procurement. To the extent possible, in international competitive procurement, the Borrower shall specify internationally accepted standards with which the equipment, materials or workmanship shall comply. When such international standards do not exist or are inappropriate, national standards may be specified. In all cases, the Procurement Documents shall state that equipment, material, or workmanship meeting other standards that are at least substantially equivalent to the specified standards will also be accepted.

Use of Brand Names

5.27 Specifications shall be based on relevant technical characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is justified to specify a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words 'or equivalent' shall be added after such a reference to permit the acceptance of offers for Goods that have similar characteristics and performance at least substantially equivalent to those specified.

Contract Types and Arrangements

5.28 The selection of contract types and arrangements takes into account the nature, risk, and complexity of the procurement, and VfM considerations. Applicable contract types and arrangements include: lump sum, turnkey, performance-based, unit price, time-based, Framework Agreements, build-own-operate, and build-operate-transfer. For details see Annex VIII, Contract Types.

Contract Conditions

5.29 The conditions of contract in 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, bearing in mind the costs and incentives of risk allocation. For details see Annex IX, Contract Conditions in International Competitive Procurement. The contract documents shall clearly define the:

a. scope of work to be performed;

b. Goods, Works, Non-consulting Services, or Consulting Services to be provided;

c. rights and obligations of the contracting parties; and

d. other appropriate conditions.

Incoterms

5.30 In international competitive procurement, Incoterms shall be used for the procurement of Goods. The Procurement Documents shall specify the applicable version of the Incoterms that shall be used.

Clarification of Procurement Documents

5.31 Potential Applicants/Bidders/Proposers/Consultants may request, In Writing, clarifications of Procurement Documents issued by the Borrower. A Borrower's response to a request for clarification shall not divulge information that might give an unfair advantage. All clarifications and addenda of prequalification/initial selection/request for bids/request for proposals documents, shall be In Writing and shall be sent simultaneously to each recipient of the original documents and all potential

Applicants/Bidders/Proposers/Consultants on record, in sufficient time to enable them to take appropriate action.

5.32 Any modification to issued Procurement Documents shall be introduced in the form of an addendum which shall be In Writing. If necessary, the deadline for Application/Bid/Proposal submission should be extended.

Bid/Proposal Security

Goods, Works, and Non-consulting Services

5.33 For the procurement of Goods, Works, or Non-consulting Services, Borrowers may require a Bid/Proposal security. Such a security shall be in the amount and form specified in the request for bids/request for proposal document and shall remain valid for a period sufficient to provide reasonable time for the Borrower to act if the security is to be called upon. This period is generally four (4) weeks beyond the validity period for the Bids/Proposals. The Bid securities of unsuccessful Bidders/Proposers shall be released once the contract is signed with the successful Bidder/Proposer.

5.34 Bid/Proposal securities shall be issued by a reputable bank, or a non-bank financial institution (such as an insurance, or bonding or surety company), located in any eligible country, selected by the Bidder/Proposer. If the Bid/Proposal security is issued by a non-bank financial institution located outside the Borrower's country and is not enforceable in the Borrower's country, the financial institution shall have a correspondent financial institution located in the Borrower's country to make it enforceable. Bidders/Proposers shall be allowed to submit Bid/Proposal securities in the form of bank guarantees directly issued by the bank of their choice located in any eligible country.

5.35 In place of a Bid/Proposal security, the Borrower may require Bidders/Proposers to sign a Bid/Proposal securing declaration accepting that if they withdraw or modify their Bids/Proposals during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids/request for proposals document, they will be suspended for the period of time specified in the request for bids/request for proposals document from being eligible to submit Bids/Proposals for contracts with the entity that invited the Bids/Proposals.

Bid/Proposal Preparation Period and Submission

5.36 The time allowed for the preparation and submission of Bids/Proposals shall be determined with due consideration of the particular circumstances of the project and the magnitude, risk, and complexity of the procurement. The minimum period allowed for preparation of Bids/Proposals shall be thirty (30) Business Days for open international competitive procurement, unless otherwise agreed with the Bank. For complex procurement, the Borrower may arrange a pre-Bid/pre-Proposal conference in which potential Bidders/Proposers/Consultants may meet with Borrower representatives to seek clarifications. The Borrower should also provide reasonable access to project sites for prospective Bidders/Proposers/Consultants.

5.37 The deadline and place for the receipt of Bids/Proposals shall be specified in the SPN and the request for bids/request for proposal document. Potential Bidders/Proposers/ Consultants may submit Bids/Proposals by mail or in person. Borrowers may also use electronic systems in accordance with Paragraph 5.8.

Joint Ventures

5.38 Firms participating in Bank-financed contracts may form joint ventures with domestic and/or foreign firms to enhance 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.

Bid/Proposal Validity

5.39 The Bid/Proposal validity period specified in the request for bids/request for proposal document shall be sufficient to enable the Borrower to:

a. complete the comparison and evaluation of Bids/Proposals;

b. obtain necessary approvals within the Borrower's entity;

c. allow for the Bank's prior review, if required in the Procurement Plan; and

d. award the contract.

Bid/Proposal Opening

5.40 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 request for bids/request for proposals document and/or the SPN. In a single stage, two-envelope process, the date, time and place for opening the second envelope shall also be appropriately announced.

5.41 Normally, Bid/Proposal openings are undertaken in public. In some circumstances (e.g., where BAFO or Negotiations will take place, or in a Competitive Dialogue) the Bid/Proposal opening will not normally take place in public, but in the presence of a Probity Assurance Provider acceptable to the Bank.

5.42 At the Bid/Proposal opening, the Borrower shall neither discuss the merits of any Bid/Proposal nor reject any Bid/Proposal that has been received on time.

5.43 In a single stage, one-envelope process, the Borrower shall:

a. open in public all Bids/Proposals received by the submission deadline; and

b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted a Bid/Proposal, the total amount of each Bid/Proposal, any discounts, Bid/Proposal

Security, Bid/Proposal securing declaration, if required, and any alternative Bids/Proposals offered if they have been requested or permitted.

5.44 In single stage, two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), for the first envelope (technical Bid/Proposal), the Borrower shall:

a. open in public the technical Proposals received by the submission deadline. Financial Proposals that have been submitted shall be kept, unopened, in a secure place; and

b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted Bids/Proposals, the presence or absence of sealed envelopes with the price Bid/Proposal, the presence or absence of a Bid security/Bid securing declaration, if required, and any other information deemed appropriate.

5.45 In single stage, two-envelope process (with no BAFO or Negotiations, or a process that is not a Competitive Dialogue), for the second envelope (financial Bid/Proposal), the Borrower shall:

a. open in public the financial Proposals of the Bidders/Proposers/Consultants that meet the requirements set for the technical Bid/Proposal;

b. read aloud and record the name of each Bidder/Proposer/Consultant that submitted a Bid/Proposal, and as applicable the technical score, the total amount of each Bid/Proposal, and any discounts; and

c. after the contract is signed, return unopened the financial Bids/Proposals of those whose technical Bids/Proposals did not meet the requirements set for the technical Bid/Proposal or were considered nonresponsive.

5.46 In a multistage process in which the first-stage submission does not include prices, the information to be read out is the same as in a single stage, two-envelope process. In a multi-stage, two-envelope process, where BAFO or Negotiations will take place, or in a Competitive Dialogue process, the Bid/Proposal opening will not take place in public, but in the presence of a Probity Assurance Provider acceptable to the Bank.

5.47 A copy of the record of Bid/Proposal opening shall be promptly sent to all Bidders/Proposers/ Consultants whose Bids/Proposals were opened and, if subject to prior review, to the Bank. Where the Bid/Proposal opening has not been undertaken in public, but in the presence of a Probity Assurance Provider, this information will be included in the Probity Assurance Provider's probity report. The probity report shall be sent by the Borrower to the Bank, and all such Bidders/ Proposers/Consultants along with the Notice of Intention to Award the contract.

5.48 Bids/Proposals not opened and read out at the Bid/Proposal opening shall not be considered.

Late Bids/Proposals

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

Evaluation Criteria

5.50 Evaluation criteria and methodology shall be specified in detail in the request for bids/request for proposals document. The evaluation criteria and methodology shall be appropriate to the type, nature, market conditions, and complexity of what is being procured. For international competitive procurement, the Bank's requirements for the submission of Bid/Proposal prices (format, structure and details), and method of comparison and evaluation of Bid/Proposal prices (including treatment of taxes levied in the Borrower's country for procurement of Goods, Works, Non-consulting services, and Consulting Services), are detailed in the appropriate Bank's Standard Procurement Documents. For details see Annex X, Evaluation Criteria.

Domestic Preference

Goods and Works

5.51 When open international competitive procurement is used to procure Goods or Works, a margin of domestic preference may be provided in the evaluation of Bids/Proposals for the following:

a. Goods manufactured in the Borrower's country, compared with Goods manufactured abroad. The preference is fifteen percent (15%) added to the Carriage and Insurance Paid (CIP) price of the Goods manufactured abroad; and

b. Works in member countries below a specified threshold of per capita gross national income (as defined annually by the Bank), when comparing Bids/Proposals from eligible domestic firms with those from foreign firms. The preference is seven and a half percent (7.5%) added to the price offered by the foreign firms.

5.52 Domestic preference shall not be applied to Plant.

5.53 The use of domestic preference is agreed in the Procurement Plan, and set forth in the request for bids/request for proposals document. For details see Annex VI, Domestic Preference.

Currency

5.54 In international competitive procurement the Procurement Document shall state that a Bidder/Proposer/Consultant may express the Bid/Proposal price in any currency. A Bidder/Proposer/Consultant may express the Bid/Proposal price as a sum of amounts in local currency and/or no more than three different foreign currencies. The Borrower may also require Bidders/Proposers/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).

5.55 Payment of the contract price shall be made in the currency or currencies in which payment has been requested by the Bidder/Proposer/Consultant specified in the Bid/Proposal.

Price Adjustments

5.56 The request for bids/request for proposals document shall state that either:

a. the Bid/Proposal price will be fixed; or

b. price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials.

5.57 For details see Annex IX, Contract Conditions in International Competitive Procurement.

Rejection of Bids/Proposals

Goods, Works, and Non-consulting Services

5.58 Rejection of all Bids/Proposals is justified (for contracts subject to prior review, with the Bank's no-objection), when:

a. effective competition is lacking;

b. all Bids or Proposals are not substantially responsive to the requirements of the Procurement Documents;

c. the Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget; or

d. none of the technical Proposals meets the minimum technical qualifying score.

5.59 Lack of competition shall not be determined solely on the basis of the number of Bidders/Proposers. Even when only one Bid/Proposal is submitted, the process may be considered valid, if:

a. the procurement was satisfactorily advertised;

b. the qualification criteria were not unduly restrictive; and

c. prices are reasonable in comparison to market values.

5.60 If the Borrower rejects all Bids/Proposals, the Borrower shall review the causes justifying the rejection of all Bids/Proposals and make appropriate revisions to the PPSD, and request for bids/request for proposals document before requesting new Bids/Proposals.

5.61 The Borrower shall not reject all Bids/Proposals and invite new Bids/Proposals using the same request for bids/request for proposals document solely to obtain lower prices. If the Most Advantageous Bid/Proposal exceeds the Borrower's updated cost estimates by a substantial margin, the Borrower shall analyze the causes for the discrepancy and consider requesting new Bids/Proposals. Alternatively, the Borrower may negotiate with the Bidder/Proposer with the Most Advantageous Bid/Proposal to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibilities that can be reflected in a reduced contract price. However, a substantial reduction in the scope or a modification to the contract documents may require rebidding.

Consulting Services

5.62 Rejection of all Proposals is justified (for contracts subject to prior review, with the Bank's no-objection), if:

a. all Proposals fail to respond to important aspects of the TOR; or present major deficiencies in complying with the TOR;

b. all Proposals fail to achieve the minimum technical score; or

c. the offered price of the successful Proposal is substantially higher than the available budget or a recently updated cost estimate.

5.63 In Paragraph 5.62 c., rather than re-inviting Proposals, the Borrower, in consultation with the Bank, should investigate the possibility of increasing the budget or scaling down the scope of services with the Consultant. However, any substantial reduction in the scope of services requires a re-invitation. If cost is a factor in the evaluation of a time-based contract, the number of person-months proposed by the Consultant may be negotiated, provided that a change does not compromise quality or adversely affect the assignment.

Seriously Unbalanced or Front-loaded Bids/Proposals

Works and Plant

5.64 For Works and Plant, if the Bid/Proposal that results in the lowest evaluated cost/best evaluated Proposal is, in the Borrower's opinion, seriously unbalanced or front-loaded, the Borrower may require the Bidder/Proposer to provide written clarifications, including detailed price analyses to demonstrate the consistency of the prices with the scope of Works, proposed methodology, and schedule. After evaluating the detailed price analyses (for contracts subject to prior review, with the Bank's no-objection), the Borrower may as appropriate:

a. accept the Bid/Proposal;

b. require that the total amount of the performance security be increased, at the expense of the Bidder/Proposer, to a level not exceeding twenty percent (20%) of the contract price; or

c. reject the Bid/Proposal.

Abnormally Low Bids/Proposals

Goods, Works, and Non-consulting Services

5.65 An Abnormally Low Bid/Proposal is one in which the Bid/Proposal price, in combination with other elements of the Bid/Proposal, appears so low that it raises material concerns with the Borrower as to the capability of the Bidder/Proposer to perform the contract for the offered price.

5.66 Where the Borrower identifies a potentially Abnormally Low Bid/Proposal, the Borrower shall seek written clarifications from the Bidder/Proposer, including detailed price analyses

of its Bid/Proposal price in relation to the subject matter of the contract, scope, proposed methodology, schedule, allocation of risks and responsibilities, and any other requirements of the request for bids/request for proposals document.

5.67 If, after evaluating the price analyses, the Borrower determines that the Bidder/Proposer has failed to demonstrate its capability to deliver the contract for the offered price, the Borrower shall reject the Bid/Proposal.

Most Advantageous Bid/Proposal

5.68 The Borrower shall award the contract to the Bidder/Proposer/Consultant offering the Most Advantageous Bid/Proposal, in accordance with the applicable selection method.

Goods, Works, and Non-consulting Services

5.69 When rated criteria are used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:

a. substantially responsive to the request for bids/request for proposals document; and

b. the highest ranked Bid/Proposal.

5.70 When rated criteria are not used, the Most Advantageous Bid/Proposal is the Bid/Proposal of the Bidder/Proposer that meets the qualification criteria and whose Bid/Proposal has been determined to be:

a. substantially responsive to the request for bids/request for proposals document; and

b. the lowest evaluated cost.

Consulting Services

5.71 The Most Advantageous Proposal is the best evaluated Proposal.

Notification of the Intention to Award

Goods, Works and Non-consulting Services

5.72 Following the decision to award the contract (or in the case of FAs, the decision to conclude a FA), the Borrower shall promptly and simultaneously provide, by the quickest means available, and as further specified in the request for bids/request for proposals document, written notification of the Borrower's intention to award the contract to the successful Bidder/Proposer (Notification of Intention to Award), (or, in the case of FAs, notification of intention to conclude a FA). Such notification shall be sent to each Bidder/Proposer that submitted a Bid/Proposal, (unless the Bidder/Proposer has previously received notification of exclusion from the process at an interim stage of the procurement process).

5.73 For contracts subject to prior review by the Bank, the Borrower shall transmit the Notification of Intention to Award (or in the case of FAs, notification of intention to conclude a FA), only after receiving the Bank's no-objection to the evaluation report, as

required under paragraph 7.1 of Annex II, Procurement Oversight. In the case of FAs, this written notification of intention to conclude a FA shall be provided to Bidders/Proposers promptly after receiving the Bank's no-objection to the evaluation report.

5.74 The Borrower's Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as applicable to the selection method, and as further specified in the relevant request for bids/request for proposals document:

a. the name and address of the Bidder(s)/Proposer(s) submitting the successful Bid/Proposal;

b. the contract price, or where the successful Bid/Proposal was determined on the basis of rated criteria (where price and technical factors are rated), the contract price and the total combined score of the successful Bid/Proposal;

c. the names of all Bidders/Proposers that submitted Bids/Proposals, and their Bid/Proposal prices as read out, and as evaluated;

d. a statement of the reason(s) why the recipient's Bid/Proposal was unsuccessful, unless the price information under Paragraph 5.74 c. already reveals the reason. The Borrower shall not divulge any other Bidder's/Proposer's confidential or proprietary information such as: cost breakdown, trade secrets, manufacturing processes and techniques, or other confidential business or financial information;

e. instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for bids/request for proposals document and in accordance with the requirements of Annex III, Procurement-related Complaints; and

f. the date the Standstill Period is due to end.

Consulting Services

5.75 Following the initialing of the draft negotiated contract by the successful Consultant, the Borrower shall promptly and simultaneously provide, to each Consultant whose financial Proposal was opened, the Notification of Intention to Award to the successful Consultant with whom the Borrower successfully negotiated the contract. In the case of FAs, this written notification of intention to conclude a FA shall be provided to Consultants promptly following a decision to conclude a FA.

5.76 For contracts subject to prior review, such Notification of Intention to Award (or notification of intention to conclude a FA) shall be provided promptly after receiving the Bank's no-objection to the draft negotiated contract initialed by the successful Consultant or, in the case of FAs, the Bank's no-objection to the evaluation report.

5.77 The Borrower's Notification of Intention to Award shall provide to each recipient, as a minimum, the following information as relevant to the selection method, and as further specified in the request for proposals document:

a. the name and address of the Consultant with whom the Borrower successfully negotiated a contract, and the contract price;

b. the names of all Consultants included in the short list, indicating those that submitted Proposals;

c. where the selection method requires, the price offered by each Consultant as read out and as 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) why the recipient's Proposal was unsuccessful, unless the combined score under Paragraph 5.77 e. already reveals the reason. The Borrower shall not divulge any other Consultant's confidential or proprietary information such as: cost breakdown, trade secrets, methodology or other confidential business or financial information

g. instructions on how to request a debriefing and/or submit a complaint during the Standstill Period, as set out in the request for proposals document and in accordance with the requirements of Annex III, Procurement-related Complaints; and

h. the date the Standstill Period is due to end.

Standstill Period

5.78 To give Bidders/Proposers/Consultants time to examine the Notification of Intention to Award and to assess whether it is appropriate to submit a complaint, a Standstill Period shall apply, except in the situations described in Paragraph 5.80.

5.79 Transmission of the Borrower's Notification of Intention to Award, (or in the case of a FA, notification of intention to conclude the FA), begins the Standstill Period. The Standstill Period shall last ten (10) Business Days after such transmission date, unless otherwise extended in accordance with Paragraph 5.82. The contract shall not be awarded either before or during the Standstill Period.

5.80 Notwithstanding Paragraph 5.78, there shall not be a requirement for a Standstill Period in the following situations:

a. only one Bid/Proposal was submitted in an open competitive process;

b. direct selection;

c. call-off process among firms holding FAs; and

d. Emergency Situations recognized by the Bank.

Debriefing by the Borrower

5.81 On receipt of the Borrower's Notification of Intention to Award referred to under Paragraphs 5.72 to 5.74 (Goods, Works and Non-consulting Services), or Paragraphs 5.75 to 5.77 (Consulting Services), an unsuccessful Bidder/Proposer/Consultant has three (3) Business Days to make a written request to the Borrower for a debriefing. The Borrower

shall provide a debriefing to all unsuccessful Bidders/Proposers/ Consultants whose request is received within this deadline.

5.82 Where a request for debriefing is received within the deadline, the Borrower is required to provide a debriefing within five (5) Business Days, unless the Borrower decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the Standstill Period shall automatically be extended until five (5) Business Days after such debriefing is provided. If more than one debriefing is so delayed, the Standstill Period shall not end earlier than five (5) Business Days after the last debriefing takes place. The Borrower shall promptly inform, by the quickest means available, all Bidders/Proposers/Consultants of the extended Standstill Period.

5.83 For contracts subject to prior review, the Borrower shall simultaneously send the information on the extended Standstill Period to the Bank.

5.84 Where a request for debriefing is received by the Borrower later than the three (3) Business Day deadline, specified in Paragraph 5.81, the Borrower should provide the debriefing as soon as practicable, and normally no later than fifteen (15) Business Days from the date of publication of Contract Award Notice. Requests for debriefing received outside the three (3) Business Day deadline shall not lead to an extension of the Standstill Period.

5.85 Debriefings of unsuccessful Bidders/Proposers/Consultants may be done In Writing or verbally. The Borrower shall not impose undue formal requirements that would restrict the Bidder's/ Proposer's/Consultant's ability to receive a timely and meaningful debriefing. The Bidder/ Proposer/Consultant shall bear their own costs of attending a debriefing meeting.

5.86 As a minimum, the debriefing shall repeat the information contained in the Notification of Intention to Award, and respond to any related question(s) from the unsuccessful Bidder/Proposer/Consultant. The debriefing shall not include:

a. point-by-point comparisons with another Bidder's/Proposer's/Consultant's Bid/Proposal; and

b. information that is confidential or commercially sensitive to other Bidders/Proposers/Consultants (as described in Paragraph 5.19).

5.87 A written summary of each debriefing shall be included in the official procurement records, and copied to the Bank for contracts subject to prior review

Conclusion of the Standstill Period and Contract Award

5.88 At the end of the Standstill Period, if the Borrower has not received any complaint from an unsuccessful Bidder/Proposer/Consultant, the Borrower shall proceed to award the contract in accordance with its decision to award, as previously communicated through the Notification of Intention to Award.

5.89 For contracts subject to prior review, when no complaints are received by the Borrower within the Standstill Period, the Borrower shall proceed to award the contract in accordance with the award recommendation that had previously received the Bank's no-objection. The Borrower shall inform the Bank within three (3) Business Days of such award.

5.90 The Borrower shall transmit the notification of award to the successful Bidder/Proposer/Consultant, or in the case of a FA, notification to conclude the FA with the selected Bidders/Proposers/Consultants, along with other documents as specified in the request for bids/request for proposals document for the contract.

5.91 If the Borrower does receive a complaint from an unsuccessful Bidder/Proposer/Consultant within the Standstill Period, the Borrower shall not proceed with the contract award (or conclusion of a FA), until the complaint has been addressed, as set forth under paragraph 3.6 of Annex III, Procurement-related Complaints.

5.92 For contracts subject to prior review by the Bank, the Borrower shall not proceed with contract award without receiving the Bank's confirmation of satisfactory resolution of complaint.

Contract Award Notice

5.93 For all contracts, whether subject to the Bank's prior review or post review, the Borrower shall publish a public notice of award of contract (Contract Award Notice) within 10 (ten) Business Days from the Borrower's Notification of Contract Award to the successful Bidder/Proposer/Consultant.

5.94 The Contract Award Notice shall include, at a minimum, the following information as relevant and applicable for each selection method:

a. name and address of the Borrower's Project Implementing Unit undertaking the procurement, and if different, the Borrower's contracting agency;

b. name and reference number of the contract being awarded, and the selection method used;

c. names of all Bidders/Proposers/Consultants that submitted Bids/Proposals, and their Bid/Proposal prices as read out at Bid/Proposal opening, and as evaluated;

d. names of all Bidders/Proposers/Consultants whose Bids/Proposals were rejected either as nonresponsive or as not meeting qualification criteria, or were not evaluated, with the reasons therefor;

e. the name of the successful Bidder/Proposer/Consultant, the final total contract price, the contract duration and a summary of its scope; and

f. Successful Bidder/Proposer/Consultant's Beneficial Ownership Disclosure Form for those contracts as indicated in the Procurement Plan, in the form required in the Procurement Documents.

5.95 In the case of FAs concluded in accordance with Paragraphs 6.57, 6.58 or 7.33, the publication requirement applies only to the conclusion of the FA and not to the award of a call-off contract under the FA. The Contract Award Notice shall be published on the Borrower's website with free access, or, if not available, in at least one newspaper of national circulation in the Borrower's country, or in the official gazette. In the case of international competitive procurement, the Contract Award Notice shall also be published

by the Borrower in UNDB online. For contracts subject to the Bank's prior review, the Bank will arrange the publication on its external website upon receipt from the Borrower of a conforming copy of the signed contract.

Debriefing by the Bank

5.96 If, after publication of the Contract Award Notice, a Bidder/Proposer/Consultant who has not received a satisfactory explanation from the Borrower as to why its Bid/Proposal was not successful, may request a meeting with the Bank. Such request should be addressed to the Accredited Practice Manager for the Borrower's country, who will arrange a meeting at the appropriate level and with relevant staff. The purpose of such meeting is not to discuss the Bids/Proposals of competitors or, in the case of prior review contracts, the Bank's position that has been conveyed to the Borrower.

Contract Management

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

Records

5.98 Borrowers shall keep records of all proceedings of the Procurement Process in accordance with the requirements of the Legal Agreement.

Section VI. Approved Selection Methods Goods, Works and Non-consulting Services

Approved Selection Methods

6.1 Table 1 overleaf provides an overview of the approved selection methods, particular types of approved selection arrangements, and market approach options available for the procurement of Goods, Works, and Non-consulting Services in IPF operations. For details see Annex XII, Selection Methods.

Table 1. Approved selection methods: Goods, Works and Non-consulting Services

Goods, Works, and Non-consulting Services	Market approach options											
Approved selection methods and arrangements	**Open**	**Limited**	**Direct**	**International**	**National**	**PQ**	**IS**	**Single-stage**	**Multi-stage**	**BAFO**	**Negotiation**	**Rated criteria**
Selection methods												
Request for Proposals	✓	✓	x	✓	✓	x	normally	✓	✓	✓	✓*	normally
Request for Bids	✓	✓	x	✓	✓	optional	x	✓	x	✓	✓*	not normally
Request for Quotations	✓	✓	x	✓	✓	x	x	✓	x	x	x	x
Direct Selection	x	x	✓	x	x	x	x	✓	x	x	✓	x
Selection arrangements												
Competitive Dialogue	✓	✓	x	✓	✓	x	required	x	✓	x	x	✓
Public-Private Partnerships	✓	✓	✓	✓	✓	✓	x	✓	✓	✓	✓	✓
Commercial Practices	As per acceptable commercial procurement practices											
UN Agencies	As per Paragraphs 6.47 and 6.48											
E-Auctions	✓	✓	x	✓	✓	✓	x	✓	x	x	x	x
Imports	✓	✓	x	✓	x	x	x	✓	x	✓	x	x
Commodities	✓	✓	x	✓	✓	✓	x	✓	x	x	x	x
Community-driven Development	✓	✓	✓	x	✓	x	x	✓	x	x	x	x
Force Accounts	x	x	✓	x	✓	x	x	x	x	x	x	x

✓ **This market approach option is available**
X **This market approach option is not available**
PQ **= Prequalification**
IS **= Initial Selection**
***This refers to negotiations after a competitive process as per Paragraphs 6.34 to 6.36**

6.2 The Bank defines the following as approved selection methods for Goods, Works and Non-consulting Services:

a. Request for Proposals (RFP);

b. Request for Bids (RFB);

c. Request for Quotations (RFQ); and

d. Direct Selection.

Request for Proposals

6.3 A RFP is a competitive method for the solicitation of Proposals. It should be used when, because of the nature and complexity of the Goods, Works, or Non-consulting Services to be procured, the Borrower's business needs are better met by allowing Proposers to offer customized solutions or Proposals that may vary in the manner in which they meet or exceed the requirement of the request for proposals document.

6.4 An RFP is normally conducted in a multi-stage process. To allow an evaluation of the degree to which Proposals meet the requirements of the request for proposals document the evaluation normally includes rated type criteria and an evaluation methodology. For details see Annex XII, Selection Methods.

Request for Bids

6.5 A RFB is a competitive method for the solicitation of Bids. It should be used when, because of the nature of the Goods, Works, or Non-consulting Services to be provided, the Borrower is able to specify detailed requirements to which Bidders respond in offering Bids.

6.6 Procurement under this method is conducted in a single-stage process. Qualifying criteria (minimum requirements normally evaluated on a pass/fail basis) are normally used with RFB. Rated-type evaluation criteria are normally not used with RFB. For details see Annex XII, Selection Methods.

Request for Quotations

6.7 A RFQ is a competitive method that is based on comparing price quotations from firms. This method may be more efficient than the more complex methods for procuring limited quantities of readily available off-the-shelf Goods or Non-consulting Services, standard specification commodities, or simple civil Works of small value. For details see Annex XII, Selection Methods.

Direct Selection

6.8 Proportional, fit-for-purpose, and VfM considerations may require a direct selection approach: that is, approaching and negotiating with only one firm. This selection method may be appropriate when there is only one suitable firm or there is justification to use a preferred firm.

6.9 Direct selection may be appropriate under the following circumstances:

a. an existing contract, including a 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, or Non-consulting Services of a similar nature, if:

   i. it is properly justified;

   ii. no advantage could be obtained through competition; and

   iii. the prices on the extended contract are reasonable;

b. there is a justifiable requirement to re-engage a firm that has previously completed a contract, within the last 12 months, with the Borrower to perform a similar type of contract. The justification shall show that:

   i. the firm performed satisfactorily in the previous contract;

   ii. no advantage may be obtained by competition; and

   iii. the prices for the direct contracting are reasonable;

c. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;

d. the case is exceptional, for example, in response to Emergency Situations;

e. standardization of Goods that need to be compatible with existing Goods may justify additional purchases from the original firm, if the advantages and disadvantages of another brand or source of equipment have been considered on grounds acceptable to the Bank;

f. the required equipment is proprietary and obtainable from only one source;

g. the procurement of certain Goods from a particular firm is essential to achieve the required performance or functional guarantee of an equipment, Plant, or facility;

h. the Goods, Works, or Non-consulting Services provided in the Borrower's country by an SOE, university, research center or institution of the Borrower's country are of a unique and exceptional nature in accordance with Paragraph 3.23 c.; or

i. direct selection of UN Agencies in accordance with Paragraphs 6.47 and 6.48.

6.10 In all instances of direct selection, the Borrower shall 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-sized procurement to avoid competitive processes.

Market Approach Options

Open Competition

6.11 An open competitive approach to market is the Bank's preferred approach as it provides all eligible prospective Bidders/Proposers with timely and adequate advertisement of a Borrower's requirements and an equal opportunity to bid/propose for the required Goods, Works, or Non-consulting Services. Any approach, other than open competition, shall be justified by the Borrower. Any such approach shall be stated in the Procurement Plan.

Limited Competition

6.12 A 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.

Approaching the International Market

6.13 Approaching the international market (international competitive procurement), is appropriate when the participation of foreign firms will increase competition and may assure the achievement of best VfM and fit-for-purpose results.

6.14 Open international competitive procurement, for which international advertisement is required in accordance with these Procurement Regulations, is the preferred approach for complex, high-risk, and/or high-value contracts. The Bank has set specific thresholds for this purpose. (see Guidance on Country Thresholds)

Approaching the National Market

6.15 As agreed in the Procurement Plan, approaching the national market may be appropriate when the procurement is unlikely to attract foreign competition because of:

a. the size and conditions of the market;

b. the value of the contract;

c. activities that are scattered geographically, spread over time, or are labor- intensive; or

d. the Goods, Works, or Non-consulting Services are available locally at prices below the international market.

6.16 Approaching the national market may also be appropriate when the advantages of approaching the international market are clearly outweighed by the administrative or financial burden involved.

6.17 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.

6.18 When approaching the national market, the country's own procurement procedures may be used, as specified in Paragraphs 5.3 to 5.6.

Prequalification and Initial Selection

Goods, Works and Non-consulting Services

6.19 Prequalification and Initial Selection are processes used to shortlist Applicants in the procurement of Goods, Works and Non-consulting Services. These processes ensure that only those with appropriate and adequate capacity, capability and resources are invited to submit Bids/Proposals. In undertaking a Prequalification or Initial Selection the Borrower shall use the Bank's Standard Prequalification document/Initial Selection document.

6.20 Prequalification or Initial Selection is appropriate for large or complex contracts, or in other circumstances, such as: the need for custom-designed equipment, Plant, specialized services, some complex information and technology, procurement under turnkey, design and build, or management contracting in which the high costs of preparing detailed Bids/Proposals could discourage competition.

6.21 The assessment of an Applicant's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the Prequalification/Initial Selection document), or any other firm different from the firm that submitted the Prequalification/Initial Selection Application.

6.22 When the time elapsed between the Borrower's decision on the list of prequalified/ initially selected Applicants and the issuance of request for bids/request for proposals documents is longer than twelve (12) months, the Bank may require that a new Prequalification/Initial Selection process is conducted through re-advertisement.

Prequalification

6.23 Prequalification is normally used with Requests for Bids and is optional depending on the nature and complexity of the Goods, Works or Non-consulting Services. In Prequalification, minimum requirements are normally assessed on a pass/fail basis against such criteria as: eligibility, experience, technical capability and financial resources. These take into account objective and measurable factors such as: experience, satisfactory past performance, successful completion of similar contracts over a given period, capability of construction and/or manufacturing facilities, financial situation, and eligibility. All Applicants that substantially meet the minimum qualification requirements are invited to submit a Bid.

6.24 At the end of the Prequalification process, the Borrower shall inform all Applicants of the results of the Prequalification. The invitation to submit a Bid to a prequalified Applicant shall include the names of all prequalified Applicants.

Initial Selection

6.25 Initial Selection shall normally be used with Request for Proposals and shall be used for all Competitive Dialogue processes. It enables the Borrower to invite only the highest ranked Applicants to submit Proposals. Initial selection involves a two-step process. The first step is similar to the Prequalification process described above. This establishes the long-list of Applicants. Long-listed Applicants are then evaluated against rated criteria. After ranking the combined rated criteria scores the Borrower selects the highest ranked Applicants to

submit Proposals. The Borrower shall state in the initial selection document, the range of Applicants that may be Initially Selected.

6.26 At the end of the Initial Selection process, the Borrower shall inform all Applicants of the results of the Initial Selection. The invitation to submit a Proposal to an Initially Selected Applicant shall include the names of all Initially Selected Applicants.

Post-Qualification

6.27 If Bidders/Proposers have not been prequalified/ initially selected, the Borrower shall specify appropriate qualification requirements in the request for bids/request for proposals document to verify that a Bidder/Proposer that would be recommended for contract award has the capability and resources to effectively carry out the contract. The assessment of a firm's qualifications shall not take into consideration the qualifications of other firms such as its subsidiaries, parent entities, affiliates, subcontractors (other than specialized subcontractors if permitted in the request for bids/request for proposals document), or any other firm different from the firm that submitted the Bid/Proposal.

Single Stage One-Envelope

6.28 Single-stage procurement is most appropriate when the specifications and requirements are sufficient to enable submissions of complete Bids/Proposals. Single stage-one envelope procurement requires submission of both technical and financial Bids/Proposals in one envelope.

Single Stage Two-Envelope

6.29 If appropriate, a two-envelope process may be used in single-stage procurement. The first envelope contains the qualifications and technical part and the second envelope the financial (price) part; the two-envelope are opened and evaluated sequentially.

Multistage Procurement

6.30 It may often be impractical to prepare complete technical specifications in advance for the procurement of:

a. large complex facilities for which a turnkey contract will be awarded for the design and build of a Plant;

b. Works of a complex and special nature; or

c. complex information and communication technology that is subject to rapid technological advances.

6.31 In the first stage, Proposals are invited on the basis of a conceptual design or performance or functional specification, subject to the Borrower's conducting confidential discovery and clarification meetings to learn about possible solutions. In the second stage, the request for bids/request for proposals document may be amended to reflect the discoveries made in the confidential meetings, and issued to the qualified Bidders/Proposers, requesting them to submit final Proposals. As required in the request for bids/request for proposals

document, the second stage may be submitted in one (1) envelope, or two (2) envelopes for the technical and financial parts respectively where the two envelopes are opened and evaluated sequentially.

Best and Final Offer

6.32 In international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of Best and Final Offer (BAFO). BAFO is an option under which the Borrower invites Bidders/Proposers that have submitted substantially responsive Bids/Proposals to submit their best and final offer. Such a process may be appropriate when the procurement process would benefit from Bidders'/Proposers' having a final opportunity to improve their Bids/Proposals, including by reducing prices, clarifying or modifying their Bid/Proposal, or providing additional information. The Borrower shall inform Bidders/Proposers in the request for bids/request for proposals document:

a. if a BAFO is to be used;

b. that Bidders/Proposers are not obliged to submit a BAFO; and

c. that there will be no negotiation after the BAFO.

6.33 If BAFO is to be applied, the Borrower shall engage the services of a Probity Assurance Provider, agreed with the Bank.

Negotiations

6.34 In international competitive procurement subject to prior review, the Bank may agree to the Borrower's use of negotiations following Bid/Proposal evaluations and before final contract award.

6.35 Any negotiation shall be in accordance with the requirements of the request for bids/request for proposals document. If negotiations are undertaken, they shall be held in the presence of a Probity Assurance Provider, agreed with the Bank. Negotiations may involve terms and conditions, price, and/or social, environmental, and innovative aspects, as long as they do not change the minimum requirements of the Bid/Proposal.

6.36 The Borrower shall negotiate first with the Bidder/Proposer that has the Most Advantageous Bid/Proposal. If the outcome is unsatisfactory or an agreement is not reached, the Borrower may then negotiate with the next Most Advantageous Bid/Proposal, and so on down the list until a satisfactory outcome is achieved.

Use of Rated-type Evaluation Criteria

6.37 Rated-type criteria are criteria that are evaluated on merit points as they cannot be fully assessed in monetary terms. The merit points assigned are normally based on the degree to which the Proposal meets or exceeds the requirements detailed in the request for bids/request for proposals document. For details see Annex X, Evaluation Criteria.

Particular Types of Approved Selection Arrangements

6.38 The particular procurement features, procedures and approaches as applicable to the following:

a. Competitive Dialogue;

b. Public Private Partnerships;

c. Commercial Practices;

d. UN Agencies;

e. e-Reverse Auctions;

f. Imports;

g. Commodities;

h. Community Driven Development; and

i. Force Accounts.

Competitive Dialogue

6.39 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with Proposers. The Borrower shall justify the use of Competitive Dialogue in the PPSD. It may be used only for complex or innovative procurement.

6.40 Competitive Dialogue may be appropriate:

a. where a number of solutions that satisfy the Borrower's requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and

b. due to the nature and complexity of the procurement, the Borrower is not objectively able to:

i. adequately define the technical or performance specifications and scope to satisfy its requirements and/or

ii. adequately specify the legal and/or financial arrangements of the procurement.

6.41 For details see Annex XIII, Competitive Dialogue.

Public-Private Partnerships (PPPs)

6.42 A PPP is a long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.

6.43 The Bank may finance the cost of a project or a contract procured under PPP arrangements, such as build-own-operate (BOO), build-operate-transfer (BOT), and build-own-operate-

transfer (BOOT) concessions or similar types of private sector arrangements, if the selection:

a. is consistent with the Bank's Core Procurement Principles;

b. reflects the application of the Bank's Anti-Corruption Guidelines; and,

c. is consistent, as appropriate, with the requirements set out in these Procurement Regulations.

6.44 For details see Annex XIV, Public-Private Partnerships.

6.45 The private partner selected in accordance with Annex XIV, Public-Private Partnerships, then procures the Goods, Works, Non-consulting Services, and/or Consulting Services required for the facility from eligible sources, using its own procedures.

Commercial Practices

6.46 Commercial Practices refers to the use of well-established procurement arrangements used by the private sector (normally entities not subject to the Borrower's public procurement law), for the procurement of Goods, Works, or Non-consulting Services. Commercial practices may also be used for a program of imports undertaken by private sector entities (as specified in Paragraph 6.50). The Bank's Core Procurement Principles are the standard for determining the acceptability of Commercial Practices.

UN Agencies

6.47 When agreed with the Bank, Borrowers may select UN Agencies directly in situations where their expertise or rapid mobilization on the ground is critical, in particular, in circumstances of urgent need of assistance or capacity constraints.

6.48 When entering into a contract with a UN Agency, the Borrower shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank. In circumstances in which the Bank and a UN Agency have an established FA, the Borrower may take advantage of the FA when entering into a contract with the UN Agency.

Electronic Reverse Auctions

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

Program of Imports

6.50 When the IPF provides financing for a program of imports (i.e. a program for importing eligible essential Goods by private or public sector entities, based on a list agreed between the Borrower and the Bank), the procurement arrangements for such a program are described in Annex XII, Selection Methods.

Commodities

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

Community-driven Development

6.52 Procurement arrangements, specifications, and contract packaging may be suitably adapted, in a way that is acceptable to the Bank, when, 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 nongovernmental organizations (NGOs) in civil Works and the delivery of Non-consulting Services;

b. increase the use of local know-how, Goods, or materials; or

c. employ labor-intensive and other appropriate technologies.

6.53 For details see Annex XII, Selection Methods.

Force Accounts

6.54 Force Account, which refers to works such as construction and installation of equipment and Non-consulting Services carried out by a government department of the Borrower's country using its own personnel and equipment, may be the only practical method of procurement under specific circumstances. A government-owned construction unit that is not managerially, legally, or financially autonomous is considered a Force Account unit. The use of Force Account requires that the Borrower apply the same rigorous quality checks and inspection as for contracts awarded to third parties.

6.55 Force Account shall be justified and may only be used, after the Bank's no-objection, under any of the following circumstances:

a. the quantities of construction and installation works that are involved cannot be defined in advance;

b. the construction and installation works are small and scattered or in remote locations, so that qualified construction firms are unlikely to bid at reasonable prices;

c. the construction and installation works are required to be carried out without disrupting ongoing operations;

d. the risks of unavoidable work interruption are better borne by the Borrower than by a contractor;

e. as a matter of the Borrower's law or official regulations in such areas as: national security, specialized Non-consulting Services such as aerial surveys and mapping can be carried out only by specialized branches of the government; or

f. urgent repairs are needed requiring prompt attention to prevent further damages, or works need to be carried out in conflict-affected areas where private firms may not be interested.

Service Delivery Contractors

6.56 Projects may involve contracting individuals (but not as employees), to deliver Non-consulting Services. Their selection may be carried out according to the Borrower's personnel hiring procedures, as reviewed and found acceptable by the Bank. When the individuals who deliver such services are to be provided by firms, the firms shall be selected using appropriate selection methods and procedures specified in these Procurement Regulations.

Particular Types of Contractual Arrangements

Framework Agreements

6.57 A framework agreement (FA) is an agreement with one or more firms that establishes the terms and conditions that will govern any contract awarded during the term of the FA (a call-off contract). The terms and conditions will usually include the fee rate, charge rate or pricing mechanism. FAs may be established for the anticipated procurement of Goods, Works, or Non-consulting Services, as and when required, over a specified period of time. An FA does not commit either party to procure or supply. Once established, a FA provides a fast and efficient way to procure Goods, Works or Non-consulting Services. A multi-supplier FA allows a Borrower to select from a number of firms, helping to ensure that each procurement represents best value for money.

6.58 FAs may be appropriate for the procurement of Goods, Works, or Non-consulting Services under the following circumstances:

a. frequent reordering is based on the same, or similar requirements, or set of specifications;

b. where different entities of the Borrower procure the same Goods, Works, or Non-consulting Services, and aggregating the demand could lead to volume discounts;

c. planning for Emergency Situations; or

d. no single firm is considered to have sufficient capacity.

6.59 For details see Annex XV, Framework Agreements.

Performance-based Contracts

6.60 Performance-based contracts are contractual relationships in which 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. Payment is made in accordance with the quantity of outputs delivered, subject to their delivery at the level of quality required. Reductions from payments, or retentions, may be made for lower-quality level of outputs and, in certain cases, premiums may be paid for higher quality level

of outputs. The Contractor is free to propose the most appropriate solution, based on mature and well-proven experience, and shall demonstrate that the level of quality specified in the request for bids/request for proposals documents will be achieved.

6.61 Performance Based procurement may involve:

a. the provision of Non-consulting Services to be paid on the basis of outputs;

b. design, supply, construction (or rehabilitation), and commissioning of a facility to be operated by the Borrower; or

c. design, supply, construction (or rehabilitation) of a facility, and provision of non-consulting services for its operation and maintenance for a defined period of years after its commissioning.

Section VII. Approved Selection Methods Consulting Services

Approved Selection Methods

7.1 Table 2 below provides an overview of the approved selection methods, particular types of approved selection arrangements, and market approach options available for the selection of Consulting Services in IPF operations. For details see Annex XII, Selection Methods.

Table 2. Approved selection methods: Consulting Services

Consulting Services	Market approach options					
Approved selection methods and arrangements	Open	Limited	Direct	Inter-national	National	Shortlist
Selection methods						
Quality Cost Based Selection	✓	x	x	✓	✓	✓
Fixed Budget Based Selection	✓	x	x	✓	✓	✓
Least Cost Based Selection	✓	x	x	✓	✓	✓
Quality Based Selection	✓	x	x	✓	✓	✓
Consultant's Qualification Based Selection	✓	✓	x	✓	✓	x
Direct Selection	x	x	✓	x	x	x
Selection Arrangements						
Commercial Practices	As per acceptable commercial Procurement practices					
UN Agencies	As per Paragraphs 7.27 and 7.28					
Non Profit Organizations (such as NGOs)	✓	✓	✓	✓	✓	✓
Banks	✓	✓	✓	✓	✓	✓
Procurement Agents	✓	✓	✓	✓	✓	✓
Selection Methods for Individual Consultants						
Selection of Individual Consultants	✓	✓	✓	x	x	x

✓ **This market approach option is available**
X **This market approach option is not available**

7.2 The following are approved selection methods for Consulting firm:

a. Quality Cost Based Selection (QCBS);

b. Fixed Budget Based Selection (FBS);

c. Least Cost Based Selection (LCS);

d. Quality Based Selection (QBS);

e. Consultant's Qualifications Based Selection (CQS); and,

f. Direct Selection.

Quality and Cost-based Selection

7.3 QCBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. The request for proposals document shall specify the minimum score for the technical Proposals. The relative weight to be given to the quality and cost depends on the nature of the assignment. Among the Proposals that are responsive to the requirements of the request for proposals document and are technically qualified, the Proposal with the highest combined (quality and cost) score is considered the Most Advantageous Proposal. For details see Annex XII, Selection Methods.

Fixed Budget-based Selection

7.4 Like QCBS, FBS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. In the request for proposals document, the cost of services is specified as a fixed budget that shall not be exceeded. FBS is appropriate when:

a. the type of Consulting Service 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.

7.5 The request for proposals document specifies the budget and the minimum score for the technical Proposals. The Proposal with the highest technical score that meets the fixed budget requirement is considered the Most Advantageous Proposal. For details see Annex XII, Selection Methods.

Least Cost-based Selection

7.6 Similar to QCBS, LCS is a competitive process among Shortlisted consulting firms under which the selection of the successful firm takes into account the quality of the Proposal and the cost of the services. LCS is generally appropriate for assignments of a standard or routine nature (such as engineering designs of non-complex Works), for which well-established practices and standards exist.

7.7 The request for proposals document specifies the minimum score for the technical Proposals. Among the Proposals that score higher than the minimum technical score, the

Proposal with the lowest evaluated cost is considered the Most Advantageous Proposal. For details see Annex XII, Selection Methods.

Quality-based Selection

7.8 Under QBS, the Proposal quality is evaluated without using cost as an evaluation criterion. If the request for proposals 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. However, if the request for proposals document requests only technical Proposals, the firm with the highest-ranked technical Proposal is invited to submit its financial Proposals for negotiations.

7.9 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 input required from the firm, and for which the Borrower expects the firm to demonstrate innovation in its Proposals;

b. assignments that have a high downstream impact; and

c. assignments that can be carried out in substantially different ways, so that Proposals will not be comparable.

7.10 For details see Annex XII, Selection Methods.

Consultant's Qualification-based Selection

7.11 The Borrower shall request expressions of interest (REOI), by attaching the TOR to the REOI. At least three qualified firms shall be requested to provide information about their relevant experience and qualifications. From the firms that have submitted an EoI, the Borrower selects the firm with the best qualifications and relevant experience and invites it to submit its technical and financial Proposals for negotiations. Advertisement of REoIs is not mandatory.

7.12 CQS is appropriate for small assignments or Emergency Situations in which preparing and evaluating competitive Proposals is not justified.

Direct Selection

7.13 Proportional, fit-for-purpose, and VfM considerations may require a direct selection (single-source or sole-source selection), approach, that is: approaching and negotiating with only one firm. This selection method may be appropriate when only one firm is qualified, a firm has experience of exceptional worth for the assignment, or there is justification to use a preferred firm.

7.14 Direct selection may be appropriate under the following circumstances:

a. an existing contract for Consulting Services, including a contract not originally financed by the Bank but awarded in accordance with procedures acceptable to the Bank, may be extended for additional Consulting Services of a similar nature, if it is

properly justified, no advantage may be obtained by competition, and the prices are reasonable;

b. for tasks that represent a natural continuation of previous work carried out by a Consultant within the last 12 months, 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, if performance has been satisfactory in the previous assignment(s);

c. there is a justifiable requirement to reengage a firm that has previously completed a contract with the Borrower to perform a similar type of Consulting Service. The justification shows that the firm performed satisfactorily under the previous contract, no advantage may be obtained by competition, and the prices are reasonable;

d. the procurement is of both very low value and low risk, as agreed in the Procurement Plan;

e. in exceptional cases, for example, in response to Emergency Situations;

f. only one firm is qualified, or one firm has experience of exceptional worth for the assignment;

g. the Consulting Services provided in the Borrower's country by an SOE, university, research center, or institution of the Borrower's country are of a unique and exceptional nature, in accordance with Paragraph 3.23. c.; or

h. direct selection of UN Agencies in accordance with Paragraphs 7.27 and 7.28.

7.15 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 services of a similar nature; and

b. the required Consulting Services are not split into smaller-size procurements to avoid competitive processes.

Selection Procedures for Consulting Firms

Shortlist

7.16 The preparation of a Shortlist of firms to provide Consulting Services is required for all selection methods except CQS and Direct Selection. The Borrower prepares the Shortlist of firms that have expressed interest and have the relevant experience and managerial and organizational capabilities for the assignment.

7.17 The Shortlist shall include not fewer than five (5) and not more than eight (8) eligible firms. The Bank may agree to Shortlists comprising a smaller number of firms when not enough qualified firms have expressed interest in the assignment, not enough qualified firms could be identified, or the size of the contract or the nature of the assignment does not justify wider competition.

7.18 The following is not normally be included in the same Shortlist with private sector firms:

a. UN Agencies; or

b. SOEs or institutions and not-for-profit organizations (such as NGOs, and universities), unless they operate as commercial entities that meet the requirements of Paragraph 3.23 b.

7.19 If such entities are included in the list, the selection should normally be made using QBS or CQS. The Shortlist shall not include individual Consultants.

7.20 For details see Annex XII, Selection Methods.

Request for Proposals

7.21 The Shortlisted firms are invited to respond to the request for proposals document using one of the approved selection methods. In determining the right selection method for Consultants, quality aspects are particularly critical. Selection based on lowest price only may not deliver the best VfM.

Market Approach Options

Open Competition

7.22 An open competitive 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 EoI, is the preferred approach for Bank-financed selection of Consultants.

Limited Competition

7.23 Limited competition is competitive selection in which the Borrower prepares a Shortlist without advertisement. It may be appropriate when there are only a limited number of qualified Consultants that can carry out the subject assignment, or other justifiable exceptional reasons. Borrowers shall seek EoIs from a list of potential Consultants that is broad enough to ensure adequate competition.

Approaching the International Market

7.24 An open international competitive procurement/selection market approach, with mandatory international advertisement in accordance with these Procurement Regulations, is used when the participation of foreign firms is most likely to achieve the best fit-for-purpose and VfM.

Approaching the National Market

7.25 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 may do so. When approaching the national market, the country's own procurement procedures may be used as specified in Paragraphs 5.3 to 5.6.

Particular Types of Approved Selection Arrangements

Commercial Practices

7.26 The same provisions apply as those for Goods, Works, and Non-consulting Services in Paragraph 6.46.

UN Agencies

7.27 When agreed with the Bank, Borrowers may select UN Agencies directly, when they are uniquely or exceptionally qualified to provide technical assistance, advisory or technical services in their area of expertise, in particular in circumstances of urgent need of assistance or capacity constraints.

7.28 When entering into a contract with a UN Agency, the Borrower shall use a standard form of agreement between the Borrower and the UN Agency or a case-specific template approved by the Bank. In circumstances in which the Bank and a UN Agency have an established FA, the Borrower may take advantage of the FA when entering into a contract with the UN Agency.

Non-profit Organizations

7.29 Not-for-profit organizations such as NGOs may be uniquely qualified to assist in the preparation, management, and implementation of projects or carrying out other project activities, because of their involvement in and knowledge of local issues and community needs, or their participatory approaches. Such organizations may be included in the Shortlist if they express interest and if the Borrower and the Bank are satisfied with their qualifications. For these assignments the Shortlist may be made up entirely of NGOs. In such a case, the procurement follows an appropriate selection method (QCBS, FBS, LCS, or CQS), based on the nature, complexity, and size of the assignment, and the evaluation criteria reflect the unique qualifications of NGOs, such as local knowledge, scale of operation, and prior relevant experience. Borrowers may also select the NGO on a single-source basis, provided the criteria set out for the direct selection of consulting firms above are met.

Banks

7.30 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 (a retainer fee), the compensation includes a 'success fee'. This success fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The request for proposals document shall indicate whether the financial evaluation will take the success fee into account, either in combination with the retainer fee or alone.

Procurement Agents

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

Project Implementation Support Personnel

7.32 Project implementation staff, individuals contracted by the Borrower to support project implementation, other than individual consulting 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.

Particular Type of Contractual Arrangements

Framework Agreement

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

Approved Selection Methods for Individual Consultants

7.34 Individual Consultants are selected for an assignment for which:

a. a team of experts is not required;

b. no additional home office professional support is required; and

c. the experience and qualifications of the individual are of paramount requirement.

7.35 When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it is 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. In all cases, individual Consultants selected to

be employed by the Borrower shall be the most experienced and best qualified among the candidates, and shall be fully capable of carrying out the assignment. The evaluation shall be based on the relevant qualifications and experience of the individual Consultant.

Open Competitive Selection of Individual Consultants

7.36 Advertisement through REoIs 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 advertising is mandatory under national law.

7.37 REoIs shall include complete TOR. Individual Consultants are selected from those that expressed interest in response to a REoI.

Limited Competitive Selection of Individual Consultants

7.38 When the Borrower has knowledge of experienced and qualified individuals and their availability, instead of issuing a REoI, it may invite those individual Consultants that it deems qualified to provide the required Consulting Services. The complete TOR shall be sent with the invitation. Individual Consultants shall be selected from those that expressed interest in response to the invitation.

Direct Selection of Individual Consultants

7.39 Individual Consultants may be selected on direct selection basis, with due justifications, under the following circumstances:

a. tasks that are a continuation of previous work that the individual Consultant has carried out after being selected competitively;

b. assignments with a total expected duration of less than six months;

c. urgent situations; or

d. when an individual Consultant has relevant experience and qualifications of exceptional worth to the assignment.

Annex I. Value for Money

1. Purpose

1.1 This Annex describes the requirements to achieve value for money (VfM) in IPF operations.

2. Overview

2.1 VfM shall be considered at all stages of the Procurement Process. For details, see Annex V, Project Procurement Strategy for Development; Annex VIII, Contract Types; Annex X, Evaluation Criteria; Annex XI, Contract Management; and Annex XII, Selection Methods.

2.2 VfM means the effective, efficient, and economic use of resources, which requires the evaluation of relevant costs and benefits, along with an assessment of risks and of non-price attributes and/or life-cycle costs, as appropriate. Price alone may not necessarily represent VfM.

2.3 VfM is achieved through the application of the following:

a. ensuring integrity throughout the Procurement Process;

b. a clear statement of needs and procurement objectives;

c. a procurement approach that is proportional to the risk, value, context, nature, and complexity of the procurement;

d. appropriate specification of the requirements;

e. selection of appropriate contractual arrangements;

f. suitable evaluation criteria;

g. selection of the firm that best meets the needs and objectives of the procurement; and

h. effective contract management to ensure successful execution of the contract and ensure that the deliverables are met as agreed in the contract.

3. Planning

3.1 Optimal design of the Procurement Process through the PPSD is the first step in obtaining VfM by deciding how to spend allocated funding to yield the most value.

3.2 The PPSD is used to state the needs and objectives and identify risks and opportunities in the market analysis and operating context of a project. The choice of selection methods and approaches to market are then tailored to suit the risk and value of the procurement, the operating context, and market to enable VfM to be achieved.

Approaching the Market

3.3 Achieving VfM requires a clear and focused approach to market to deliver the procurement objectives, with the following elements:

a. selection methods and arrangements that are most likely to attract a competitive response from the market and the right bidders/proposers;

b. requirements based on detailed technical specifications or performance/functional requirements, as appropriate;

c. evaluation criteria, including price, life-cycle costs, qualifying (pass-fail) and rated criteria as appropriate that best enable Bidders/Proposers to demonstrate the value they can offer;

d. standards and technical specifications per Paragraph 5.26; and

e. the contract type that is best suited for the specific procurement. For details see Annex VIII, Contract Types.

3.4 The recommended approach to market shall be justified and documented in the PPSD. For details see Annex V, Project Procurement Strategy for Development.

3.5 The evaluation criteria shall be designed to enable the Borrower to achieve best VfM in IPF operations. For details see Annex X, Evaluation Criteria.

Contract Management to ensure VFM

3.6 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 and liabilities, and the roles and responsibilities of the contracting parties.

3.7 To effectively manage a contract, for contracts identified in the PPSD, 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 performance. For details see Annex XI, Contract Management.

Annex II. Procurement Oversight

1. Purpose

1.1 This Annex outlines the Bank's procurement oversight function in discharging its fiduciary responsibilities as required by its Articles of Agreement.

2. Requirements

2.1 The Bank exercises its procurement oversight through a risk-based approach comprising prior and post reviews and independent procurement reviews, as appropriate.

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

3. Procurement Prior Review

3.1 The Bank sets mandatory thresholds for prior review based on project procurement risk levels. 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 procurement arrangements that are inherently risky, such as procurement that includes the use of negotiations in a competitive procurement process for Goods, Works and Non-consulting Services, BAFO, Competitive Dialogue, and the application of sustainable procurement.

3.2 If the assessed activity/contract level risk is low or moderate, the Bank may determine that procurement above the applicable thresholds shall be subject to post review, and be included in the Procurement Plan. Such procurement shall use the Bank's Standard Procurement Documents.

3.3 For contracts subject to prior review to be awarded using Direct Selection, the Borrower shall submit to the Bank, for its review and no objection, a sufficiently detailed justification, prior to inviting the firm to negotiations. The justification shall include the rationale for direct selection instead of competitive procurement process and the basis for recommending a particular firm. After negotiations are completed, the Borrower shall submit to the Bank the draft negotiated contract and minutes of negotiations, for its prior review.

4. Procurement Post Review

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

4.2 The purposes of procurement post reviews include the following:

a. verifying that the procurement procedures followed by the Borrower comply with the Legal Agreement;

b. confirming 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. verifying continued adherence to the contract, including technical compliance;

d. noting Fraud and Corruption red flags and reporting any evidence to Bank's Institutional Integrity, Integrity Vice presidency (INT); and

e. identifying mitigating measures or actions to correct procurement deficiencies and recommending them to the Borrower.

5. Independent Procurement Reviews

5.1 Independent procurement reviews, performed by independent third parties appointed by the Bank, are carried out when the Bank determines the need for such a review through its assessment of risk. This applies to contracts subject to prior and post review.

6. PPSD and Procurement Plan

6.1 The Borrower prepares the PPSD and Procurement Plan during project preparation, and the Bank reviews the PPSD and agrees to the Procurement Plan before the completion of loan negotiations. The Borrower shall submit to the Bank, for its review and approval, any updates of the Procurement Plan approved by the Bank.

7. Documents for Prior Review

7.1 For procurement that has been determined to be subject to prior review, the following documents shall be submitted by the Borrower for Bank's prior review and no objection:

a. The GPN and SPN, as appropriate;

b. If Prequalification/Initial Selection is used, the invitation to prequalify/be initially selected, the prequalification/initial selection document, (including any amendment(s) to them) and the prequalification/initial selection evaluation report. For Consulting Services, the REoI, including the complete TOR, and the Shortlist assessment report;

c. The request for bids/ request for proposals documents, including any amendment to them;

d. The first request by the Borrower to Bidders/Proposers/Consultants 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 two-envelope or multistage selection

processes, the Borrower submits 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;

f. All requests for cancellation of a procurement process and/or rebidding/re-invitation of Proposals;

g. The Borrower shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint. If, after the Bank's prior review and no-objection, analysis of a complaint leads the Borrower to change its contract award recommendation, it submits for the Bank's no-objection the reasons for that decision and a revised evaluation report;

h. If the procurement process involves negotiations between the Borrower and Bidder/Proposer/Consultant, the minutes of negotiations and the draft contract initialed by both parties. If probity audit was required, the minutes of negotiations should be submitted with the probity audit report;

i. If BAFO is used the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract; and

j. If requested by the Bank, the Contract Management Plan, including the Key Performance Indicators (KPIs); also, if requested by the Bank, ongoing reports of progress based on the agreed KPIs.

7.2 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.

7.3 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/ Proposals were requested or Prequalification/Initial Selection, if any, was invited.

8. Retaining Documents for Contracts subject to Prior Review

8.1 The Borrower shall retain all documentation with respect to each procurement according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:

a. original Bids/Proposals; all documents and correspondence related to the procurement and execution of the contract, including those in support of the evaluation of Bids/Proposals; and the recommendation for award made to the Bank;

b. the signed original of each contract and all subsequent amendments or addenda; the payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of Goods, Works, and Non-consulting Services; and,

c. for contracts awarded on the basis of direct procurement, the documentation shall include justifications for using the method, the technical and financial capacity of the firm, and the signed original of the contract.

8.2 The Borrower shall furnish such documentation to the Bank upon request for examination by the Bank or by its consultants/auditors.

9. Retaining Documents for Contracts Subject to Post Review

9.1 The Borrower shall retain all documentation, and shall furnish such documentation to the Bank upon request, with respect to each contract subject to post review, according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:

a. complaints, the signed original of the contract and all subsequent amendments or addenda,

b. the Bids/Proposals evaluation report, and the recommendation for award; and

c. the payment invoices or certificates, as well as the certificates for inspection, delivery, completion, and acceptance of Goods, Works, and Non-consulting Services, for examination by the Bank or by its consultants/auditors.

10. Modifications of the signed Contract

10.1 For contracts subject to prior review, the Borrower shall seek the Bank's no objection before agreeing to:

a. an extension of the stipulated time for execution of a contract that has an impact on the planned completion of the project;

b. any material modification of the scope of the Works, Goods, Non-consulting services or Consulting Services, or other significant changes to the terms and conditions of the contract;

c. any variation order or contract amendment (except in cases of extreme urgency), including due to extension of time, that singly or combined with all previous variation orders or amendments, increases the original contract amount by more than 15% (fifteen percent); or

d. the proposed termination of the contract.

10.2 If the Bank determines that the Borrower's request for any such modification would be inconsistent with the provisions of the Legal Agreement and/or Procurement Plan, it informs the Borrower and states the reasons for its determination. The Borrower shall provide a copy of all amendments to the contract to the Bank for its records.

11. Due Diligence concerning the Bank's Sanctions Policies and Procedures

11.1 When conducting the evaluation of Bids/Proposals, the Borrower shall check the eligibility of Bidders/Proposers/Consultants from the lists of firms and individuals debarred and suspended by the Bank that are posted on the Bank's external website in those cases of debarred firms and individuals, and Bank's Client Connection website and/or other sources of information that the Bank may make available for listing of suspended firms or individuals.

11.2 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.

11.3 The Bank will only finance additional expenditures if they were incurred before the completion date of the original contract or the completion date as revised;

a. for prior review contracts, in an amendment to which the Bank has given its no objection; and

b. for post review contracts, in an amendment signed before the effective date of suspension or debarment.

11.4 The Bank will not finance any new contract, or any amendment 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 procedures for administration and handling of procurement-related complaints (Complaints) arising in connection with contracts where the Bank's SPDs (For those contracts that the Borrower shall use the Bank's Standard Procurement Documents shall be specified in the Procurement Plan for the project) are required to be used See summary in Table 1. Additional requirements apply for contracts subject to the Bank's prior review as set forth under Annex II, Procurement Oversight.

2. General requirements for Procurement-related Complaints

2.1 A Complaint may challenge:

a. The Borrower's selection documents, including: prequalification, initial selection, request for bids, requests for proposals documents;

b. the Borrower's decision to exclude an Applicant/Bidder/Proposer/Consultant from a procurement process prior to award; and/or

c. the Borrower's decision to award the contract following transmission of unsuccessful Bidder/Proposer/Consultant in the Notice of Intention to Award.

2.2 Complaints should be submitted by 'interested parties.' An interested party for this purpose means an actual Bidder/Proposer/Consultant seeking to obtain the contract at issue (including an Applicant for Prequalification/Initial Selection, if the complaint challenges the Applicant's disqualification). Potential Applicants/ Bidders/Proposers/Consultants are also interested parties in relation to complaints challenging the Prequalification/Initial Selection document, request for bids/ request for proposals document, or any other Borrower document requesting bids/Proposals or Applications.

2.3 Complaints shall be submitted to the Borrower in a timely manner, as described in paragraph 3.1 of this Annex.

2.4 The content of a Complaint is subject to the following requirements. Complaints shall be submitted In Writing to the Borrower and shall identify the name, contact details, and address of the complainant. In addition, the Complaint shall:

a. generally identify the complainant's interest in the procurement as defined under paragraph 2.2 of this Annex;

b. identify the specific project, the procurement reference number, the current stage of the procurement process, and any other relevant information;

c. specify any previous communication between the complainant and the Borrower on the matters addressed in the complaint;

d. specify the nature of complaint, and the perceived adverse impact on them; and

e. state the alleged inconsistency with or violation of the applicable procurement rules.

2.5 The Borrower shall give prompt and fair consideration to each Complaint that meets the requirements of the above provisions of this Annex, and is submitted within the timelines set forth under paragraph 3.1 of this Annex.

2.6 Complaints that do not meet the requirements of paragraphs 2.2 to 2.4 of this Annex should be addressed within a reasonable time. If such Complaints relate to contracts subject to prior review by the Bank, they shall be shared by the Borrower with the Bank in order to determine an appropriate course of action.

3. Timeline and process for review and resolution of Complaints

3.1 Complaints that meet the requirements of paragraphs 2.2 to 2.4 of this Annex are subject to the timelines and procedures set out below. The Borrower shall not proceed with the next stage/phase of the procurement process, including the contract award, until it has properly addressed any such Complaint.

a. **Complaints challenging the terms of prequalification/initial selection documents: request for proposals documents, and any other Borrower document requesting Bids, Proposals or Applications** should be submitted to the Borrower at least ten (10) Business Days prior to the deadline for submission of Applications/ Bids/Proposals, or within five (5) Business Days after the issuing of any amended terms, whichever is later. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of the Complaint. If as a result of the Borrower's review of the Complaint, the Borrower decides to modify the prequalification/initial selection, request for bids/ request for proposals, or other documents, the Borrower shall issue an addendum, and if necessary, extend the application/Bid/Proposal submission deadline.

b. **Complaints challenging the exclusion from a procurement process prior to contract award** should be submitted to the Borrower within ten (10) Business Days following the Borrower's transmission to the interested party of notice of such exclusion. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of Complaint. If as a result of the Borrower's review of a Complaint, the Borrower changes the results of the earlier stage/phase of the procurement process the Borrower shall promptly transmit a revised notification of evaluation results to all relevant parties advising on the next steps.

c. **Complaints following transmission of the Notification of Intention to Award the contract (or notification of intention to conclude a FA),** shall be submitted to the Borrower within the Standstill Period. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, shall review the Complaint and respond to the complainant, not later than fifteen (15) Business Days from the date of receipt of Complaint. If, as a result of the Borrower's review of a

complaint, the Borrower changes its contract award recommendation, it shall notify the revised intent to award to all previously notified Bidders/Proposers/Consultants, and shall proceed with the contract award.

Complaints where the contract is subject to prior review

3.2 For contracts subject to prior review, the Borrower shall promptly inform the Bank of any Complaints received, and shall provide for the Bank's review all relevant information and documentation, including a draft response to the complainant once this is available.

3.3 If the Borrower's review of the Complaint results in:

a. a modification of the prequalification/initial selection, request for bids/request for proposals, or other document, as foreseen under paragraph 3.1 a. of this Annex);

b. the Borrower's changing its decision to exclude an Applicant/ Bidder/Proposer/Consultant as foreseen under paragraph 3.1 b. of this Annex); or

c. the Borrower's changing its contract award recommendation as foreseen under 3.1 c. of this Annex);

the Borrower shall, upon confirmation by the Bank of the satisfactory resolution of the Complaint:

a. issue an addendum, and if necessary, extend the Application/Bid/Proposal submission deadline; or

b. promptly transmit to the Bank a revised evaluation report.

3.4 The Borrower shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint(s).

3.5 Notwithstanding the requirement under paragraph 3.4 of this Annex, for Complaints challenging the prequalification/initial selection/request for bids/request for proposals or other such document, or challenging exclusion prior to award, the Borrower should consult with the Bank about which, if any, steps in the procurement process may appropriately go forward while the Complaint is being considered.

Resolution of Complaints

3.6 In resolving a Complaint, the Borrower should ensure a timely and meaningful review of the Complaint, including all relevant documentation and facts and circumstances related to it. The Borrower shall provide sufficient information in its response to the complainant, while maintaining the confidentiality of information as provided under Paragraphs 5.19 and 5.20. A response to a Complaint should, as a minimum include the following elements:

a. Statement of Issues: Specify the issues raised by the complainant that need to be addressed;

b. Facts and Evidence: Specify the facts and evidence that in the Borrower's view, are relevant to the resolution of the Complaint. These facts and evidence should be presented as a narrative, organized around the issues;

c. Decision and reference to the basis for the decision: State the decision that has been made following the review. Also, include reference to the basis for the decision e.g., Procurement Regulations, SPD for the contract in question, etc. The response should be as precise as possible in referring to the specific decision basis;

d. Analysis: Provide an explanation why the basis for the decision applied to the facts/issues raised by the Complaint necessitates this particular decision. The analysis may be short as long as it is clear and identifies each question that has to be answered in order to arrive at an outcome; and

e. Conclusion: State clearly the resolution of the Complaint and describe the next steps to be taken.

Roles and Responsibilities of the Borrower

3.7 The Borrower's roles and responsibilities with respect to Complaints covered by this Annex include the following:

a. Provide timely and sufficient information to Bidders/Proposers/Consultants, including through the Notification of Intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision;

b. Promptly acknowledge Complaints received;

c. Resolve Complaints promptly and fairly;

d. Preserve the confidentiality and proprietary information of other Applicants/ Bidders/Proposers/Consultants, including commercial and financial information and trade secrets as requested by the Bidders/Proposers/Consultants in their Bids/Proposals;

e. Maintain complete records of all debriefings and Complaints and their resolution;

f. For contracts subject to prior review, inform the Bank promptly of any Complaint submitted and provide the Bank a copy of all relevant documents and information; and

g. For contracts subject to prior review, consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process.

Roles and Responsibilities of the Bidders/Proposers/Consultants

3.8 The Bidder's/Consultant's roles and responsibilities with respect to Complaints covered by this Annex include the following:

a. Comply with the requirements of paragraph 2.4 of this Annex regarding the content of the Complaint, and time limits set forth;

b. Be familiar with the provisions of the prequalification/initial selection document, request for bids/request for proposals document or other document, as well as the

Bank's Procurement Regulations, so as to understand the rules governing the procurement process;

c. Timely request for debriefing, if one is desired;

d. Submit any Complaint within the permitted timeframe and to the entity/official designated for that purpose in the prequalification/initial selection/request for bids/ request for proposals document; and

e. Ensure that any Complaint submitted is as specific as possible in explaining the Bidder's/Proposer's/Consultant's issues or concerns, and the alleged violation of the applicable procurement rules (e.g., Procurement Regulations, request for bids/ request for proposals document, etc.).

Roles and Responsibilities of the Bank

3.9 The Bank's roles and responsibilities with respect to Complaints covered by this Annex include the following:

a. Ensure that any Complaint addressed to the Bank is forwarded promptly to the Borrower for review and resolution;

b. In the case of prior review contracts, timely consider any action proposed by the Borrower, including, but not limited to, with respect to the conduct and content of a debriefing, the denial of a complaint; or the taking of action to correct the impropriety identified in the Complaint; and

c. Except for acknowledging receipt of a Complaint, not to discuss or communicate with any Applicant/Bidder/Proposer/Consultant during the evaluation and review process, until the publication of Public Notice of Award.

Table 1: Business standards for procurement-related complaints (where the procurement is subject to Prior Review)

Process step	Responsible Entity	Timeframe
Complaints challenging the terms of prequalification / initial selection documents, request for bids/ request for proposals documents, or any other Borrower document requesting Bids/Proposals or Applications	Potential Bidders/ Proposers/ Consultants	Complaints shall be submitted at least ten (10) Business Days prior to the deadline for submission of Applications/Bids/Proposals Borrower shall respond not later than seven (7) Business Days from the date of receipt of complaint.
Notify Applicant/Bidder/Proposer/Consultant of the basis for exclusion from consideration for a contract; rejection of Bid submitted; or intention to award.	Borrower	The timeframe will be specified in the respective documents governing the procurement process. As a general matter, notification should take place promptly after the Borrower has made the relevant determination. Upon receipt a Complaint challenging the above determination, the Borrower shall respond to the complainant not later than seven (7) Business Days after the receipt of complaint.
Complaints following transmission of the notification of the intention to award the contract shall be submitted to the Borrower within the Standstill Period.		Complaints should be submitted within the Standstill Period. The Borrower shall respond not later than 15 Business Days from the date of receipt of Complaint.
Request for debriefing.	Bidder/ Proposer/ Consultant	Within three (3) Business Days from the receipt of the Borrower's notification of the intention to award the contract.
Conduct debriefing when requested in a timely manner.	Borrower	The Borrower shall hold the debriefing within five (5) Business Days of receipt of the request. For all other requests for debriefing, the Borrower shall hold debriefing not later than fifteen (15) Business Days from the date of publication of public notice of award of contract.
Acknowledge receipt of Complaint.	Borrower	Within three (3) Business Days from the date of receipt of the Complaint
Forward complaint to the Borrower, if Complaint is submitted only to the Bank	Bank	Within three (3) Business Days from the date of receipt of the Complaint
Forward Complaint to the Bank, along with all relevant information and documentation.	Borrower	As soon as possible after receipt of Complaint

Annex IV. Fraud and Corruption

1. Purpose

1.1 The Bank's Anti-Corruption Guidelines and this Annex apply with respect to procurement under Bank Investment Project Financing operations.

2. Requirements

2.1 The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

2.2 To this end, the Bank:

a. Defines, for the purposes of this provision, the terms set forth below as follows:

i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

v. "obstructive practice" is:

(a) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or

(b) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.

b. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/ or 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, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;

d. Sanctions, pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework any firm or individual – determined at any time by the Bank to have engaged in Fraud and Corruption in connection with the procurement process, selection and/or execution of a Bank-financed contract;

e. Requires that a clause be included in request for bids/request for proposals documents and in contracts financed by a Bank loan, requiring bidders (applicants/proposers), consultants, contractors, and suppliers; and their sub-contractors, sub-consultants, agents, personnel, consultants, service providers or suppliers, permit the Bank to inspect [1] all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank;

f. Requires that, for Bank-financed operations to be implemented utilizing national procurement arrangements, as well as PPPs, agreed by the Bank, bidders (applicants/proposers) and consultants submitting bids/proposals will be required to accept the application of, and agree to comply with, the Anti-Corruption Guidelines during the procurement process, selection and/or contract execution, including the Bank's right to sanction as set forth in paragraph 2.2 d., and the Bank's inspection and audit rights as set forth in paragraph 2.2 e. Borrowers shall consult and apply the World Bank Group's lists of firms and individuals suspended or debarred. In the event a Borrower signs a contract with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply 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 6.47-6.48 and 7.27-7.28 of these Procurement Regulations under an agreement signed between the Borrower and the UN

[1]Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information.

agency, the above provisions of paragraph 2 of this annex regarding sanctions on Fraud and Corruption shall apply in their entirety to all contractors, consultants, sub-contractors, sub-consultants, service providers, suppliers, and their employees, that signed contracts with the UN agency. As an exception to the foregoing, paragraphs 2.2 d. and 2.2 e. do not apply to the UN agency and its employees, and paragraph 2.2 e. does not apply to the contracts between the UN agency and its service providers and suppliers. In such cases, the UN agency applies its own rules and regulations for investigating allegations of Fraud and Corruption, subject to such terms and conditions as the Bank and the UN agency may agree, including an obligation to periodically inform the Bank of the decisions and actions taken. The Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank Group's lists of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate.

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

Annex V. Project Procurement Strategy for Development

1. Purpose

1.1 This Annex sets out the requirements for developing the Project Procurement Strategy for Development (PPSD). 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 for each project, a PPSD and a Procurement Plan. The Borrower prepares the PPSD and Procurement Plan during project preparation, and the Bank reviews the PPSD and agrees to the Procurement Plan before the completion of loan negotiations. The Borrower shall submit to the Bank, for its review and approval, any updates of the Procurement Plan approved by the Bank. The basis and justification for updates to the Procurement Plan shall be documented in the PPSD.

2.2 The level of detail and analysis in the PPSD shall be proportional to the risk, value and complexity of the project procurement.

2.3 The PPSD shall cover the following areas:

a. identification of the specific project needs;

b. assessment of the operating context and its potential impact on the procurement;

c. assessment of the implementing agency's capacity, resources and previous experience in procuring these types of activities;

d. assessment of the adequacy, behavior and capabilities of the market to respond to the procurement; and

e. justification of the proposed procurement arrangements based on market analysis, risk and operating context and the project's particular circumstances.

3. Specific Elements of the PPSD

3.1 The PPSD provides the basis for the Borrower to prepare the Procurement Plan and the Contract Management Plan. It includes the following sections.

Project overview

3.2 The following elements are included:

a. description of the project;

b. development objectives for the project;

c. key result indicators;

d. statement of any specific legal or policy requirements, including any sustainable procurement requirements and any proposal to use Alternative Procurement Arrangements; and

e. summary of the proposed procurement contracts.

Operating Context and Borrower Capacity

3.3 The PPSD should analyze and take into consideration the operational context factors that may affect the procurement approach, the motivation of bidders to participate, and the success of any subsequent contracts. This should include:

a. Governance aspects: fragile, conflict or volatile situations that may raise security concerns; state involvement in the specific economic sector (such as state owned enterprises receiving government subsidies), legislative processes that may regulate the market/bidders; the overall legal framework; and Emergency Situations;

b. Economic aspects: a small economy that may result in a lack of competition or difficulty attracting international bidders; high inflation that may require use of another currency or inflation protection terms that protect a bidder so they are motivated to participate; any domestic preference that may motivate local businesses, but endanger international competition; track-record of on-time payment to suppliers, and exchange rate volatility;

c. Technological aspects: speed of technological change; need for information transfer and security so there is not a continued dependency on the bidders; internet access and restrictions; cell phone access and coverage; opportunity for, and dependency on, the use of technology for Project delivery, and may also include additional;

d. Sustainability aspects: sustainable procurement requirements, such as use of government environmental standards (e.g., energy/water efficiency targets), social impacts associated with working in sensitive environments, importing of labor and labor standards.

3.4 The Borrower shall consider the following factors in assessing their resource needs to implement the procurement:

a. procurement capacity to carry out the Procurement Process from planning to contract management;

b. experience in implementing similar projects, track record level of success and lessons learned;

c. contract management capacity; and

d. complaints management systems.

Market Research and Analysis

3.5 The purpose of market research is to develop a thorough understanding of the relevant sectors and the potential Bidders/Proposers/Consultants with which the procurement will interface to ensure that the procurement approach maximizes the likelihood of

participation and selection of the right Bidders/Proposers/Consultants that deliver best VfM.

3.6 The market research and analysis assesses market-related risks and opportunities that will affect the preferred approach-to-market strategy. The market research and analysis is consolidated into a list of conclusions and implications that are used to select the Fit for Purpose approach to market for the contracts in the project.

Risk Management

3.7 The Risk Management Plan is informed by the analysis in the PPSD, and covers all major risks to achieving the defined needs through implementing the procurement arrangements. Risks can relate to the operating environment, market conditions, implementing agency capacity, and procurement complexity.

3.8 The likelihood and impact of each risk shall be assessed, and a prioritized Risk Mitigation Plan developed and maintained throughout the life of the project, procurement risks and opportunities identified are managed through the Procurement Process, including procurement arrangements, technical specifications, contractual terms and conditions, evaluation criteria, and contract management.

Procurement Arrangements

3.9 The Borrower shall outline the preferred procurement arrangements for the contracts in the project, including the justification as to why the arrangements are fit for purpose:

a. approach to market (open, limited, direct, international/national, pre/post qualification, single-/multistage, one-/two-envelope, negotiations, BAFO);

b. selection methods; and

c. contracting strategy (contract packaging, types of contracts).

3.10 The Procurement Plan shall be developed that includes the summary of the procurement arrangements for each contract in the project.

Contract Management

3.11 The PPSD will identify those contracts requiring a Contract Management Plan. The detailed requirements for the Contract Management Plan are set out in Annex XI, Contract Management.

Annex VI. Domestic Preference

1. Purpose

1.1 This Annex sets out 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 Plant.

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 to Bids/Proposals offering certain Goods manufactured in the country of the Borrower, when compared to Bids/Proposals offering such Goods manufactured elsewhere. In such cases, the request for bids/request for proposals document shall clearly indicate any preference to be granted to domestically manufactured Goods and the information required to establish the eligibility of a Bid/Proposal for such preference. The nationality of the manufacturer or Bidder shall not be a condition for such eligibility. The methods and stages set forth hereunder shall be followed in the evaluation and comparison of Bids/Proposals.

2.2 For comparison, responsive Bids/Proposals shall be classified in one of the following three groups:

a. Group A: Bids/Proposals exclusively offering Goods manufactured in the country of the Borrower, if the Bidder/Proposer establishes to the satisfaction of the Borrower and the Bank 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 Ex Works (EXW) price of the product offered; and

ii. the production facility in which those Goods will be manufactured or assembled has been engaged in manufacturing/assembling such Goods at least since the time of Bid/Proposal submission.

b. Group B: All other Bids/Proposals offering Goods manufactured in the country of the Borrower; or

c. Group C: Bids/Proposals offering Goods manufactured abroad that have already been imported or that will be directly imported.

2.3 The price quoted for Goods in the 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 of this Annex, the Most Advantageous Bid/Proposal is from Group C, all Bids/Proposals from Group C shall be further compared with the Most Advantageous Bid/Proposal from Group A after adding to the evaluated price of Goods offered in each Bid from Group C, for the purpose of this further comparison only, an amount equal to 15% (fifteen percent) of the respective Incoterm CIP Bid/Proposal price for Goods to be imported and already imported Goods. Both prices 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/Proposal from Group C shall be selected as per paragraph 2.4 of this Annex.

Domestic Preference for Works

2.6 In the evaluation of Bids/Proposals in open international competitive procurement for Works contracts, eligible Borrowers (preference for domestic Bidders/Proposers is applicable only in countries which qualify), may, with the agreement of the Bank, grant a margin of preference to domestic Bidders/Proposers when comparing to Bids/Proposals from foreign Bidders/Proposers. In such cases, the request for bids/request for proposals document shall clearly indicate any preference to be granted to domestic contractors and the information required to establish the eligibility of a Bid/Proposal for such preference. The following provisions shall apply:

a. Bidders/Proposers applying for this preference are asked to provide, as part of the data for qualification, the information, including details of ownership, required to determine whether, according to the classification established by the Borrower and accepted by the Bank, a particular Bidder/Proposer or group of Bidders/Proposers qualifies for domestic preference. The request for bids/request for proposals document shall clearly indicate whether the preference will apply and what method will be followed in the evaluation and comparison of Bids/Proposals to give effect to the preference; and

b. After Bids/Proposals have been received and reviewed by the Borrower, responsive Bids/Proposals shall be classified into the following groups:

iii. Group A: Bids/Proposals offered by domestic Bidders/Proposers eligible for the preference; and

iv. Group B: Bids/Proposals offered by other Bidders/Proposers.

2.7 As a first evaluation step, all evaluated Bids/Proposals in each group are compared to determine the Most Advantageous Bid/Proposal in that group, and the Most Advantageous Bids/Proposals from the two groups are then 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. 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.

Annex VII. Sustainable Procurement

1. Purpose

1.1 This Annex outlines the Bank's requirements for a Borrower that decides to include additional sustainable procurement aspects beyond those required by the Bank. Further application of sustainable procurement is not mandatory for Borrowers; Borrowers can determine the extent to which they implement additional sustainable procurement requirements, as long as these requirements are applied in ways that are consistent with the Bank's Core Procurement Principles.

2. Implementing Sustainable Procurement

2.1 The intention to adopt sustainable procurement requirements in the Procurement Process should be identified at the planning stage of the Project Procurement Strategy for Development (PPSD).

2.2 The Bank's Procurement Regulations allow for a number of stages at which sustainable procurement considerations may be applied:

a. Prequalification/ Initial Selection of firms;

b. functional and/or detailed technical specifications;

c. evaluation criteria;

d. contract terms and conditions; and

e. contract performance monitoring.

2.3 Sustainable procurement requirements may arise from the following sources:

a. The Borrower's policies on economic, social, and environmental sustainability.

b. Risks and opportunities identified through analysis of the market or the business and operating environment. Sustainability risks and opportunities that could be managed through the Procurement Process may also be identified through the environmental and social impact assessments.

2.4 The sustainable procurement requirements should be based on evidence (i.e., with supporting data), and on existing social-label criteria, eco-label criteria, or information collected from stakeholders in industry, civil society, and international development agencies.

2.5 The Borrower shall not request sustainable procurement requirements that are proprietary or otherwise available to only one firm, unless such a requirement is justified to the satisfaction of the Bank.

2.6 If sustainable procurement requirements are specified, relevant evaluation and qualification criteria shall be specified in the request for bids/request for proposals documents to enable the evaluation of sustainable procurement aspects in Bids/Proposals. 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. Internationally recognized certification or accreditation schemes may be used to demonstrate a firm's ability to apply environmental management measures. Such schemes may include ISO 14001 or other systems that conform to the relevant international standards on certification and environmental management. Firms may also be able to demonstrate that they apply equivalent sustainable management measures, even without certification.

2.7 The Borrower may include economic, environmental, and social considerations in a contract, provided they are consistent with Bank policy.

2.8 If sustainable procurement requirements are included in a contract, the KPIs should include key sustainable procurement aspects to enable monitoring the requirements.

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 and arrangements shall be based on VfM and fit-for-purpose considerations.

3. Contract Types

3.1 The list below includes, but is not limited to, the common contract types based on payment conditions.

Lump-Sum Contracts

3.2 Under a lump-sum contract, 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 percentage of the value of the work to be done.

3.3 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, Plant, or pre-built information technology solutions, as in turnkey contracts, and can be paid on a lump-sum basis per contractual milestones.

Performance-based Contracts

3.4 In a performance-based contract, the payments are not made for inputs but for measured outputs that aim at satisfying functional needs in terms of quality, quantity, and reliability.

3.5 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 on the basis of functional performance.

Admeasurement - Contract based on Unit Prices

3.6 This type of contract is based on estimated quantities of items and contractual unit prices for each of these items, and is paid on the actual quantities and contractual unit prices.

3.7 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, as in roads or dams.

3.8 For Goods and Non-consulting Services, this type of contract is appropriate when the required quantities are known and unit prices are sought from Bidders.

Time-based Contracts

3.9 Under time-based contracts, the payment is made on the basis of agreed rates and time spent, plus reasonable incurred reimbursable expenses.

3.10 These types of contractual arrangements may be used for:

a. Emergency Situations, and repairs and maintenance work; or

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).

3.11 This type of contract is not appropriate for Goods or Plant.

Reimbursable-cost Contracts

3.12 Under reimbursable-cost contracts, payments cover all actual costs, plus an agreed fee to cover overhead and profit.

3.13 These types of contracts may be appropriate for circumstances such as emergency repairs and maintenance work. To minimize risk to the Borrower:

a. the contractor makes all records and accounts available for inspection by the Borrower or by some agreed neutral third party; and

b. the contract includes appropriate incentives to limit costs.

4. Other Types of Contractual Arrangements

Framework Agreements

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

Public-Private Partnerships

4.2 For PPP, the several possible contract arrangements (such as build-operate-transfer (BOT), and build-own-operate-transfer (BOOT)), are addressed in Annex XIV, Public-Private Partnerships.

Annex IX. Contract Conditions in International Competitive Procurement

1. Purpose

1.1 This Annex lists the minimum contract conditions required for international competitive procurement for Goods, Works, and Non-consulting Services in IPF operations.

2. Requirements

2.1 The contract conditions shall provide an appropriate allocation of responsibilities, risks and liabilities informed by an analysis of which party is best placed to manage the risks, taking into account the costs and incentives of risk allocation.

2.2 For international competitive procurement for Goods, Works, Non-consulting Services, and Consulting Services, the Borrower shall use the applicable Bank SPD, for example request for bids/request for proposals documents with minimum changes, acceptable to the Bank, as necessary to address any project-specific conditions.

2.3 For Goods, Works, and Non-consulting Services when the Bank has not issued an applicable SPD, the Borrower shall use other internationally recognized standard conditions of contract and contract forms acceptable to the Bank, and subject to the requirement in paragraph 2.27 of this Annex. If neither an applicable Bank SPD, nor other internationally recognized standard conditions of contract and contract form acceptable to the Bank are available, the Borrower shall at least include the following provisions in the contract.

Performance Security

2.4 Contracts for Works and Plant shall require security in an amount sufficient to protect the Borrower in case of breach of contract by the contractor. This security shall be provided in an appropriate amount, as specified by the Borrower in the request for bids/request for proposals document. The amount of the security may vary, depending on the type of security furnished and the nature and magnitude of the Works or facilities. Normally, the amount for bank guarantees should not exceed ten percent (10%) of the contract price unless the commercial practice for the industry recommends a different percentage. A portion of this security shall extend sufficiently beyond the date of completion of the Works or facilities to cover the defects liability or maintenance period up to final acceptance by the Borrower.

2.5 In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of Goods. To protect against nonperformance of the contract, firms may be required to provide a security in an appropriate and reasonable amount, specified by the Borrower in the request for bids/request for proposals document.

2.6 Performance securities shall be in an appropriate form, acceptable to the Bank, as specified by the Borrower in the request for bids/request for proposals document. Bidders/Proposers

shall be allowed to submit a performance security directly issued by the reputable bank or financial institution (insurance, bonding or surety company), of their choice, located in any eligible country. However, if the performance security is issued by a financial institution that is located outside the Borrower's country, if it is not enforceable, the financial institution shall have a correspondent financial institution located in the Borrower's country to make it enforceable.

Defaults

2.7 The contract includes 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 Time for contract completion/ delivery period shall be specified. 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 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 an earlier completion or delivery would be of benefit to the Borrower.

Value Engineering

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

Contract Change Management

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

Payments

2.12 Payment contract provisions shall be in accordance with the international commercial practices applicable to the specific Goods, Works and Non-consulting Services.

2.13 Contracts for Goods provide for full payment on the delivery and inspection (if required), of the contracted Goods, except for contracts involving installation and commissioning; for such contracts, 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 to assure prompt payment to the contractor. In major contracts for equipment and Plants, provisions shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.

2.14 In appropriate cases contracts for Works shall provide, for mobilization advances, advances on contractor's equipment and materials, regular progress payments, and reasonable retention amounts to be released upon the contractor's compliance with its obligations under the contract.

2.15 Any advance payment for mobilization and similar expenses, made upon signature of a contract for Goods, Works, and Non-consulting Services, shall be related to the estimated amount of these expenses and be specified in the request for bids/request for proposals document. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the Goods or Works, shall also be specified. The request for bids/request for proposals document shall specify the arrangements for any security required for advance payments.

Taxes, Duties and Levies

2.16 Contracts shall have provisions on the treatment of taxes, duties and levies, including the responsibilities of the contracting parties.

Price Adjustments

2.17 The contract shall state either that:

a. contract prices shall be fixed; or

b. the contract price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials.

2.18 Price adjustment provisions are usually not necessary in simple contracts involving delivery of Goods, or completion of Works and Non-consulting Services within eighteen (18) months, but are included in contracts that extend beyond eighteen (18) months. Contracts of shorter duration (less than 18 months), may also include similar provisions for price adjustments when local or foreign inflation is expected to be high. Prices are adjusted by using applicable official price indices. Where such indices are not available, they may be derived from appropriate documented sources.

2.19 The formula, the applicable price indices, and the base date for application shall be clearly defined in the contract. The contract shall also have appropriate provisions for treatment of the impact on a contract change in laws and regulations in the Borrower's country, if after

28 days prior to the date of Bid/Proposal submission, that subsequently affects the contract completion period/delivery date and/or the contract price.

Incoterms

2.20 The applicable version of Incoterms shall be used in the contract for Goods.

Insurance

2.21 Contracts shall include types and terms of insurance to be provided by contractors. Normally, an 'all risk' type of insurance policy shall be specified. For Goods and for single responsibility contracts, the indemnity payable under transportation insurance shall be at least 110% (one hundred ten percent), of the CIP price of the Goods to be imported in the currency of the payment or in a freely convertible currency to enable prompt replacement of lost or damaged Goods.

2.22 If a Borrower does not wish to obtain insurance coverage through the contract, and wishes to make its own arrangements or to reserve insurance to national firms or other designated sources, it provides evidence satisfactory to the Bank that:

a. resources are readily available for prompt payment, in a freely convertible currency among the currencies of payment of the contract, of the indemnities required to replace lost or damaged Goods and Works; and

b. risks are adequately covered.

Copyright and Patent Indemnity

2.23 The conditions of contract shall include appropriate provisions on copy rights and patent indemnity.

Applicable Law and Settlement of Disputes

2.24 The conditions of contract for international competitive procurement shall include provisions dealing with the applicable law and the forum for the settlement of disputes. All international competitive procurement contracts are required to include appropriate mechanisms for independent dispute resolution either, Dispute Review Experts or Dispute Review Boards.

2.25 International commercial arbitration in a neutral venue shall also be required unless the national regulations and arbitration procedures are acceptable to the Bank in terms of equivalence to international commercial arbitration and the venue is neutral, or the contract has been awarded to a Bidder/Proposer/Consultant from the Borrower's country.

2.26 The Bank shall not be named arbitrator or be asked to name an arbitrator. It is understood, however, that officials of the International center for Settlement of Investment disputes (ICSID) shall remain free to name arbitrators in their capacity as ICSID officials.

Fraud and Corruption

2.27 The Bank requires application of, and compliance with, the Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. For 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 methodology, and their application in procurement financed by the Bank.

2. Requirements

2.1 The Project Procurement Strategy for Development (PPSD) informs the evaluation criteria. The criteria shall be appropriate to the nature and complexity of the procurement to enable the Borrower to achieve VfM.

2.2 The following requirements govern the Bid/Proposal evaluation criteria:

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 request for bids/request for proposals document shall include the complete evaluation criteria and the specific manner in which they shall be applied;

d. only the evaluation criteria, and all the evaluation criteria, indicated in the request for bids/request for proposals document shall be applied;

e. once the request for bids/request for proposals document have been issued, any change to the evaluation criteria shall be made only through addenda; and

f. the evaluation criteria shall be applied consistently to all Bids/Proposals submitted.

2.3 To achieve VfM, the evaluation criteria may take into account such factors as the following:

a. Cost: evaluation of cost using a methodology that is appropriate to the nature of the procurement including:

i. adjusted Bid price; or

ii. adjusted Bid price plus the running/recurrent cost over the useful life time of the asset on net present cost basis (life-cycle costs);

b. Quality: evaluation of quality using a methodology to determine the degree to which the Goods, Works, Non-consulting Services or Consulting Services meet or exceed the requirements;

c. Risk: criteria that mitigate the relevant assessed risk;

d. Sustainability: criteria that take into account stated economic, environmental, and social benefits in support of the project objectives, and may include the flexibility of the Proposal to adapt to possible changes over the life-cycle; and/or

e. Innovation: criteria that allow assessment of innovation in the design and/or delivery of the Goods, Works, Non-consulting Services, or Consulting Services and that give

Bidders/Proposers the opportunity to include, when appropriate, in their Bids/Proposals, solutions that exceed the requirements or alternative solutions that could deliver better VfM.

3. Goods, Works, and Non-consulting Services

Qualifying criteria

3.1 Qualifying criteria are the minimum requirements in the request for bids/request for proposals document normally evaluated on pass/fail basis.

Rated-type Criteria

3.2 Rated-type criteria, that is, non-price attributes assessed with merit points, are used, when benefits may not be quantifiable (or the evaluation criteria cannot be expressed in monetary terms), and the benefits associated with these rated criteria are expected to vary among different Bids/Proposals.

3.3 The rated-type criteria, and sub-criteria as appropriate, are prioritized, assigned merit points, and weighted according to their relative importance in meeting the desired outcome. The number of sub-criteria should be kept to the minimum.

3.4 Rated criteria may include, but are not limited to, the following features as relevant:

a. quality of methodology and work plan;

b. performance, capacity, or functionality features; and

c. sustainable procurement.

Evaluation of Costs

3.5 As specified in the request for bids/request for proposals document, costs are evaluated on the basis of

a. adjusted Bid price, or

b. life-cycle costs.

3.6 Adjustments of Bid price include arithmetic correction, any discounts, and other adjustments specified in the request for bids/request for proposals document for evaluation purposes, including adjustments for deviation in the delivery/implementation schedule and/or payment terms, and corrections for minor deviations or omissions.

3.7 Life-cycle costing should be used whenever possible, particularly 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 is evaluated on a net present cost basis.

3.8 When using life-cycle costing, the Borrower shall specify the following information in the request for bids/request for proposals document:

a. number of years used in the life-cycle cost determination;

b. the discount rate, in percent, to be used to calculate the net present cost of future costs over the life-cycle period specified in 3.8 a; and

c. the factors and methodology to be used for calculating the operation, maintenance, and residual value costs, including the information to be provided by the Bidder/Proposer in the Bid/Proposal.

Combined Rated-type Criteria and Cost

3.9 Bids/Proposals are given a financial score that is inversely proportional to their prices. The weighting to be used to combine the rated and financial scores to determine the Most Advantageous Bid/Proposal shall be specified in the request for bids/request for proposals document. The relative weight to be assigned to rated criteria should generally not exceed thirty percent (30%), but it may be set as high as fifty percent (50%) if justified to achieve VfM.

4. Consulting Services

Technical Evaluation

4.1 Technical Proposals of Consulting Services are evaluated through a scoring system that uses the following criteria:

a. adequacy of methodology and work plan;

b. relevant experience and qualifications of key staff; and

c. relevant experience of the firm.

4.2 In addition, transfer of knowledge and participation of nationals among key staff may be included as criteria, depending on the nature and needs of the assignment.

4.3 The criteria are assigned scores within the indicative range of scores set out in Table 1. For justifiable reasons and with the Bank's prior review, the ranges may be adjusted, for example, when transfer of knowledge is the main objective of an assignment, it may be given a higher weight to reflect its importance. Within the specified range, the score to be assigned to a criterion depends on the nature and complexity of an assignment. As an example, when VfM is to be achieved through innovative Proposals, the scores to be assigned to the methodology criteria could be on the higher end of the range.

4.4 The Borrower normally divides these criteria into sub-criteria. Each criterion is then assigned a score on the basis of the total points assigned to its sub-criteria. The number of sub-criteria should be kept to the minimum essential.

Table 1. Range of scores for quality of Proposals (Consulting Services)

Rated criteria	Merit point range
Methodology	20 – 50%
Relevant experience and qualification of key staff	30 – 60%
Relevant experience of firm	0 – 10%
Transfer of knowledge	0 – 10%
Nationals among key staff [As reflected by the participation of nationals among key experts (whether presented by foreign or national firms), and calculated as the ratio of key national experts' time (in person months), to the total number of key experts' time (in person months), in the Proposal.]	0 – 10%

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

Financial Evaluation

4.6 The offered total price includes all the Consultant's remuneration and other reimbursable and miscellaneous expenses. For the purpose of evaluation, the offered prices exclude local identifiable indirect taxes (such as sales, value-added, and 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 nonresident experts and other personnel of the consulting firm. In exceptional circumstances, when the Borrower cannot fully identify indirect taxes when evaluating the financial offers, the Bank may agree that, for the purpose of evaluation only, prices may include all taxes payable to the country of the Borrower.

4.7 For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the technical Proposals. For a lump-sum contract, the Consultant is deemed to have included all prices in its financial Proposal, so neither arithmetical corrections nor price adjustments shall be made; the total price, net of taxes as per paragraph 4.6 of this Annex, included in the financial Proposal is considered the offered price.

4.8 For QCBS, the Proposal with the lowest offered total price is given a financial score of 100% (one hundred percent), and other Proposals given financial scores that are inversely proportional to their prices. The methodology to be used is specified in the request for proposals document.

Combined Quality and Cost Scores

4.9 When using QCBS, the scores of the quality and the cost scores are weighted appropriately and added to determine the Most Advantageous Proposal.

4.10 The weighting of quality and cost scores depends on the nature and complexity of the consulting assignment. The range of quality and cost score weighting is normally as shown in Table 2, except for justifiable reasons with the Bank's prior review.

Table 2. Combined Quality / Cost Ratio for QCBS (Consulting Services)

Description	Quality/Cost Score Weighting (%)
High complex / downstream consequences / specialized assignments (or may use QBS method)	90 / 10
Moderate complexity	70-80 / 30-20
Assignments of a standard or routine nature (or may use LCS method)	60-50 / 40-50

Annex XI. Contract Management

1. Purpose

1.1 This Annex outlines the requirements for Contract Management and for monitoring through the Contract Management Plan in IPF operations.

2. Requirements

2.1 Effective contract management requires systematic and efficient planning, execution, monitoring, and evaluation to optimize performance while managing risks to ensure that both parties fulfill their contractual obligations with the ultimate goal of achieving VfM and results on the ground.

2.2 The Borrower begins developing a contract as early as possible in the Procurement Process. As these Procurement Regulations require, the contract conditions are included in the request for bids/request for proposals document for the particular Procurement Process. The level of detail required in a contract depends on the risk and complexity of the contract. The terms and conditions shall be fit-for-purpose, with appropriate allocation of risks, liabilities, roles, and responsibilities of the parties.

2.3 A Contract Management Plan is developed during contract creation and completed at the time the contract is signed.

2.4 Borrowers shall proactively manage contracts throughout their duration against the Contract Management Plan. Where required Key Performance Indicators (KPIs) are set to ensure that contractor performance is satisfactory, contract requirements are met, and relevant stakeholders are well informed and satisfied with the Goods, Works, Non-consulting Services, and Consulting Services provided under the contract. An evaluation of the contract execution shall be carried out at the contract completion to assess the performance, and if applicable, identify any lessons learned for future contracts.

3. Contract Management Plan and Contract Execution

3.1 For contracts identified in the PPSD, the Contract Management Plans shall typically contain a summary of details as follows:

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 their mitigation;

b. key contacts and roles and responsibilities of the parties:

i. the names and contact details of the key contacts for each party;

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, identified and properly described, and updated to account for change orders during the execution of the contract;

g. KPIs and a description of the measurement process (if required);

h. contract variation/change control mechanisms; and

i. record-keeping requirements.

Contract Monitoring

3.2 During contract execution, the Borrower uses the contract and the Contract Management Plan to ensure that both contracting parties are complying with the contractual provisions.

3.3 To determine whether VfM is achieved, the Borrower monitors the contract to ensure at least the following:

a. risks are managed or mitigated before they materialize;

b. the contract is completed on time and within budget;

c. contract variations are properly justified;

d. the outcome of the contract meets the objectives set at the start;

e. the Borrower's technical and commercial requirements are met or exceeded within budget; and

f. the final contract price compares favorably with comparable benchmarks.

Annex XII. Selection Methods

1. Purpose

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

2. Requirements

2.1 For each procurement, the Borrower identifies, from the Approved Selection Methods, the selection method that best fits the requirements and enables it to achieve VfM. Sections VI and VII of these Procurement Regulations provide the conditions and circumstances for using the Approved Selection Methods, Particular Types of Approved Selection Arrangements, and Market Approach Options.

3. Goods, Works, and Non-consulting Services

Procedures for using a RFP Selection Method

Initial Selection

3.1 Initial Selection shall normally be used with a RFP method for Goods, Works or Non-consulting Services. Initial Selection precedes each of the three RFP models applicable to these categories. The Borrower follows the steps below to carry out an Initial Selection process when using the RFP method:

a. **Initial Selection document:** prepare the initial selection document, using the applicable Bank's Standard Initial Selection Document;

b. **Specific Procurement Notice:** prepare the SPN inviting Applications for Initial Selection, using the Bank's applicable template for such notices. When the initial selection document is ready for distribution, publish the SPN in accordance with Paragraphs 5.23 and 5.24 (Publication of Procurement Opportunities), giving sufficient time for Applicants to obtain the initial selection document and prepare and submit their Applications;

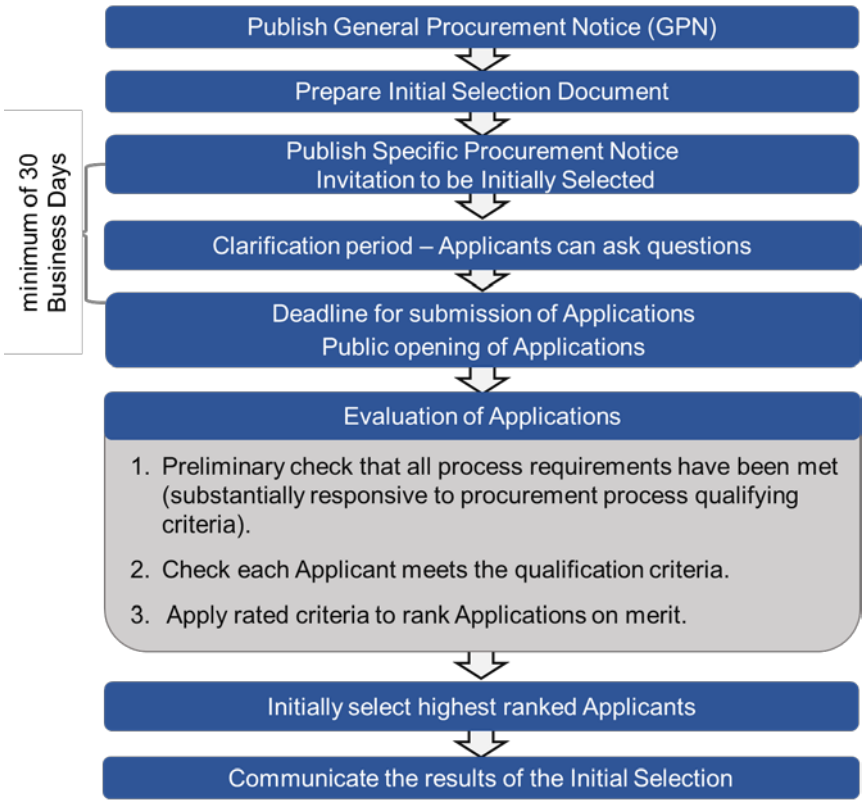
c. **Clarifications and addenda:** respond to any request for clarifications from prospective Applicants In Writing, and forward a copy of the response to all prospective Applicants. Any amendment to the initial selection document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be In Writing and be communicated In Writing to all prospective Applicants;

d. **Initial Selection Application submission and opening:** Applications are to be submitted by the deadline; however, the Borrower may accept Applications received after the deadline for submission of Applications, unless otherwise specified in the initial selection document. The Borrower prepares a record of the opening of Applications and distributes a copy of the record to all Applicants;

e. **Evaluation of Applications:** evaluate Initial Selection Applications on the basis of the criteria specified in the initial selection document. Firstly, Applicants are assessed against qualifying criteria. All Applicants that meet the qualifying criteria are ranked based on an assessment against rated criteria. The highest ranked Applicants, to be invited to participate in the next stage of the procurement, are selected in accordance with the procedures specified in the Initial Selection Document; and

f. **Communication of Initial Selection results:** communicate the results of the Initial Selection process to all Applicants.

Figure 1: Process flow chart: Initial Selection



RFP Model 1: Two-Stage following Initial Selection

3.2 Model 1 is based on the following features:

a. **Preliminary stage**: initial selection (see process described in paragraph 3.1 of this Annex);

b. **Stage 1:** request for, and assessment of, technical Proposals. During this stage the Borrower undertakes discovery meetings with each Initially Selected proposer and has the ability to refine the business/functional performance requirements. Refined requirements are shared with all proposers simultaneously. Proposers have an opportunity to submit modified Proposals based on these refined needs;

c. **Stage 2:** request for, and assessment of, full technical and financial Proposals; and

d. **BAFO or negotiation are optional:** They are however, mutually exclusive.

3.3 The Borrower follows the steps below to carry out a procurement using the RFP Model 1 selection method. These steps apply when there is no BAFO or negotiation:

a. **Initial Selection:** apply the procedures described at paragraph 3.1 of this Annex to identify the highest ranked Proposers, who are Initially Selected to proceed to Stage 1;

b. **Stage 1 Request for Proposals:** prepare the request for proposals document, using the Bank's Standard Request for Proposals document;

c. **Issue Request for Proposals:** issue the request for proposals document to all Initially Selected Applicants to submit technical Proposals only;

d. **Clarifications and amendment(s)**: Provide clarifications and amendment(s) in accordance with Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

e. **Technical Proposal submission deadline and opening**: meeting the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and 5.40 to 5.48 (Bid/Proposal Opening), as applicable;

f. **Proposal evaluation**: based on the evaluation criteria specified in the request for proposals document;

g. **Determination of responsiveness**: according to the requirements of the request for proposals document;

h. **Discovery Stage (Meetings, Clarifications and Addendum of Changes):** the Borrower examines the technical Proposals and may seek clarifications from Proposers In Writing. The Borrower conducts one-on-one meetings with each Proposer to probe, challenge and clarify the proposed technical Proposal. Following clarifications and one-on-one meetings, the Borrower shall:

i. prepare an Addendum of Changes to the request for proposals document and issues it to all Proposers, as required;

ii. prepare a Memorandum of Changes in relation to an individual Proposal and issue it to the relevant Proposer as required; and

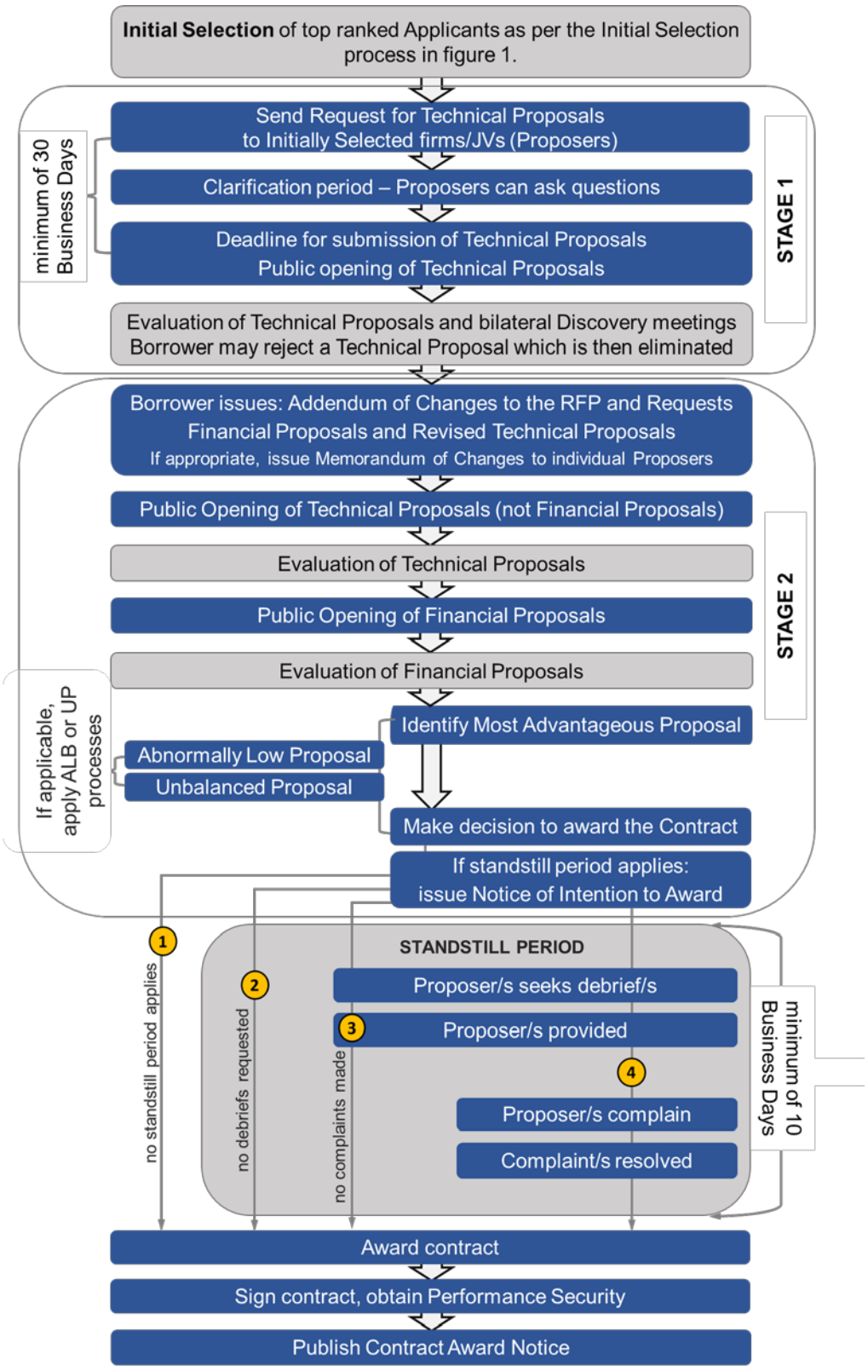
iii. issue the invitation to submit second stage technical and financial Proposals to all qualified proposers with responsive stage 1 Proposals.

i. **Stage 2 Technical and Financial Proposals** (Proposal submission deadline and opening): shall meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) as applicable. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical Proposals a public opening of financial Proposals takes place. Financial Proposals are then evaluated, in accordance with the evaluation criteria specified in the request for proposals document. The Borrower identifies the Most Advantageous Proposal;

j. **Notification of Intention to Award and Standstill Period**: The Borrower transmits its Notice of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period). Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Borrower); and

k. **Award of contract and publication of Contract Award Notice**: Once the Standstill Period has expired the Borrower may award the contract. The Borrower will then publish the Contract Award Notice. The Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice).

Figure 2: Process flow chart: RFP Model 1



Variation to process when BAFO or Negotiations apply

3.4 **BAFO or Negotiations:** A variation to the above process occurs when BAFO or Negotiations apply. These are mutually exclusive. When the Borrower applies BAFO, it shall meet the requirements of Paragraphs 6.32 and 6.33. When the Borrower applies Negotiations, it shall meet the requirements of Paragraphs 6.34 to 6.36.

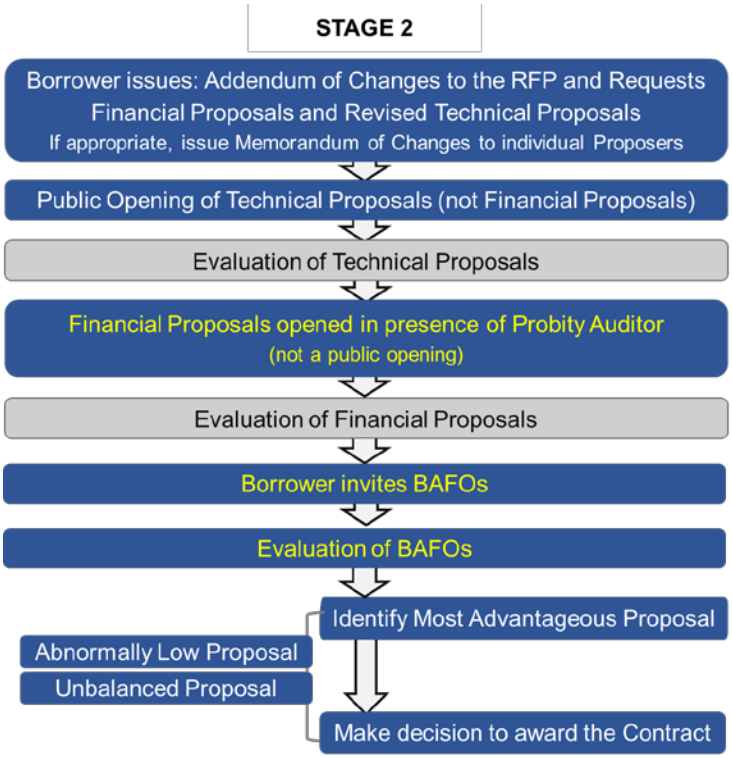
3.5 **Probity Auditor:** When BAFO or Negotiations apply the Borrower shall appoint a Probity Assurance Provider (Probity Auditor) acceptable to the Bank, to oversee the integrity of the procurement process, and in particular the conduct of BAFO or Negotiations. The Probity Auditor shall be approved by the Bank. For the Stage 2 opening of the second envelopes (financial Proposals):

a. the second envelopes shall not be opened at a public opening, but at an opening in the presence of the Probity Auditor; and

b. The Borrower shall prepare a record of the opening of the financial Part envelopes which shall be signed by the Probity Auditor.

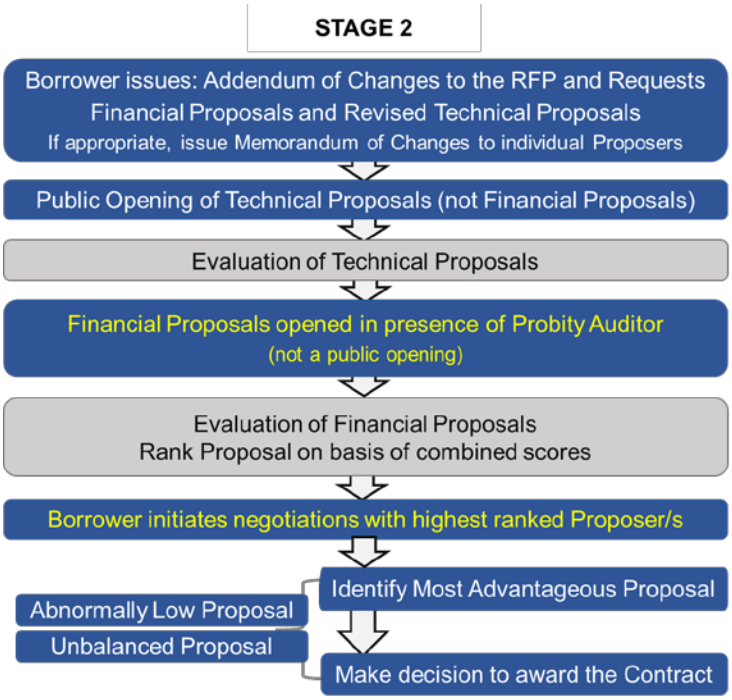
3.6 **Probity Report:** When the Borrower has made the decision to award the contract, the Probity Auditor shall prepare a probity report. The report will be provided to the Borrower and a copy sent to the Bank. To ensure transparency and accountability the probity auditor's report shall be sent by the Borrower to all Proposers (that is every Proposer that submitted a Stage 2 Proposal regardless of whether they were invited to submit a BAFO or to negotiate), and published on the Borrower's website. This shall be done at the same time as transmission of the Notice of Intention to Award the contract.

Figure 3: BAFO: Key process variations to RFP Model 1 for BAFO



Note: key variations in process are in yellow font

Figure 4: NEGOTIATIONS: Key process variation to RFP Model 1 for negotiations



Note: key variations in process are in yellow font

RFP Model 2: Streamlined

3.7 Following Initial Selection, the Borrower follows the steps below to carry out a procurement using the RFP selection method:

a. **Request for proposals document**: prepare the request for proposals document, using the Bank's Standard Request for Proposals document;

b. **Issue Request for Proposals**: issue the request for proposals document to all Initially Selected Proposers. Proposers are invited to submit full technical and financial Proposals;

c. **Clarifications and amendments**: respond to any request for clarifications from Proposers In Writing, and forward a copy of the response to all Proposers. Any addenda to the initial selection document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be In Writing and be communicated In Writing to all Proposers. In providing clarifications and issuing addenda the Borrower shall meet the requirements of Paragraphs 5.31 and 5.32;

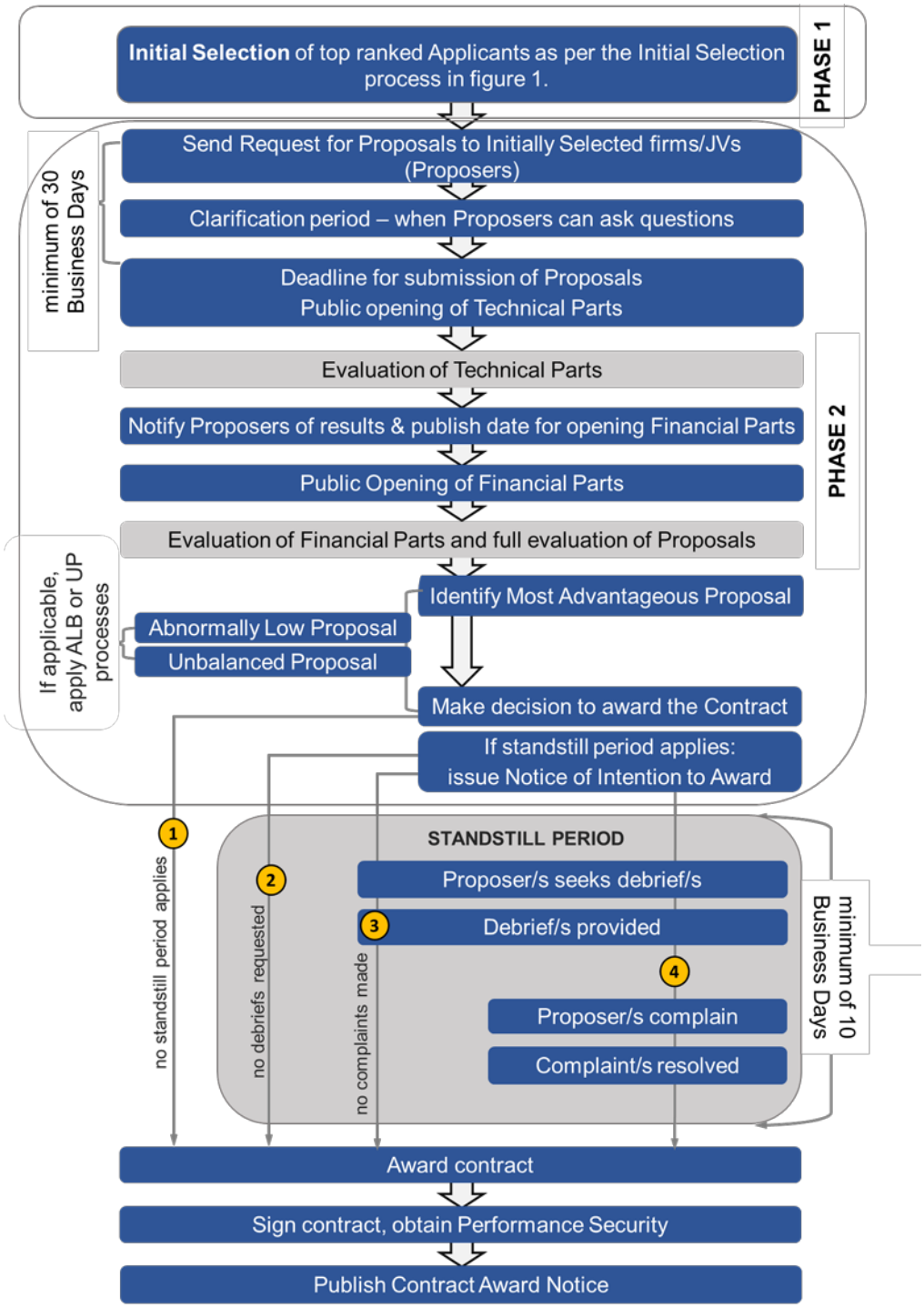
d. **Proposal submission deadline and opening**: meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission). Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical Proposals a public opening of financial Proposals takes place. Financial Proposals are then evaluated, in accordance with the evaluation criteria specified in the request for proposals document. The Borrower identifies the Most Advantageous Proposal;

e. **Proposal evaluation and post-qualification assessment**: Proposals are evaluated in accordance with the evaluation criteria specified in the request for proposals document;

f. **Notification of Intention to Award and Standstill Period:** The Borrower transmits its Notice of Intention to Award the Contract to the unsuccessful Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), Paragraphs 5.78 to 5.80 (Standstill Period). Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Borrower); and

g. **Award of contract and publication of contract award:** Once the Standstill Period has expired the Borrower may award the contract. The Borrower will then publish the Contract Award Notice. The Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice).

Figure 5: Process flow chart: RFP Model 2 (without BAFO or negotiations)



Variation to process when BAFO or Negotiations apply

3.8 A variation to the above process occurs when BAFO or Negotiations apply. The Borrower shall meet the requirements described in paragraphs 3.4 to 3.6 of this Annex.

RFP Model 3: Competitive Dialogue

3.9 The key steps in process are more fully described in Annex XIII, Competitive Dialogue.

4. Procedures for using a Request for Bids Selection Method

4.1 For Prequalification, the Borrower uses the applicable Bank's Standard Prequalification Document.

4.2 For the bidding process, see Figure 6 and Figure 7 below for single envelope and two envelopes respectively.

Figure 6: Process flow chart: RFB One-envelope process (without Prequalification)

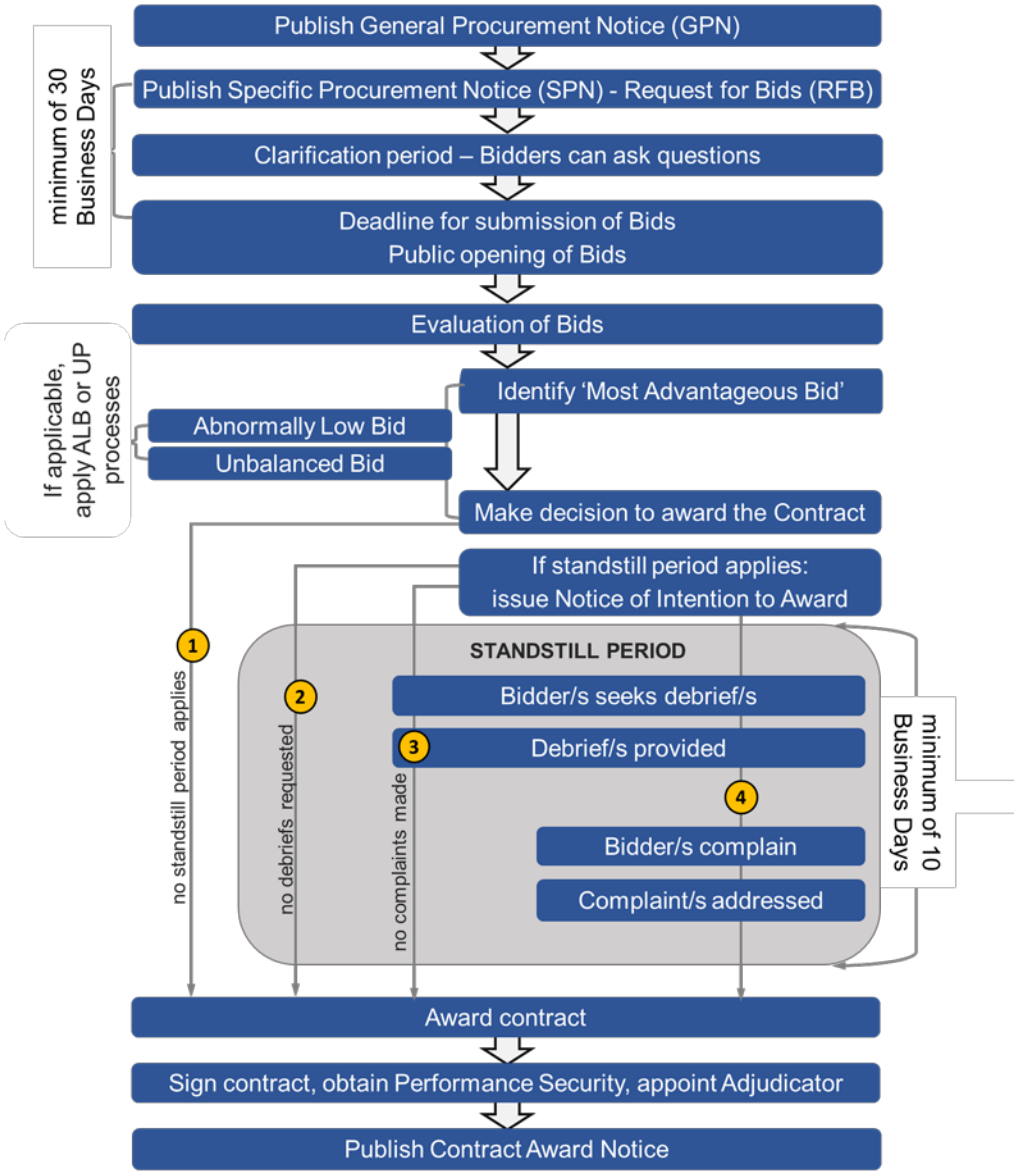
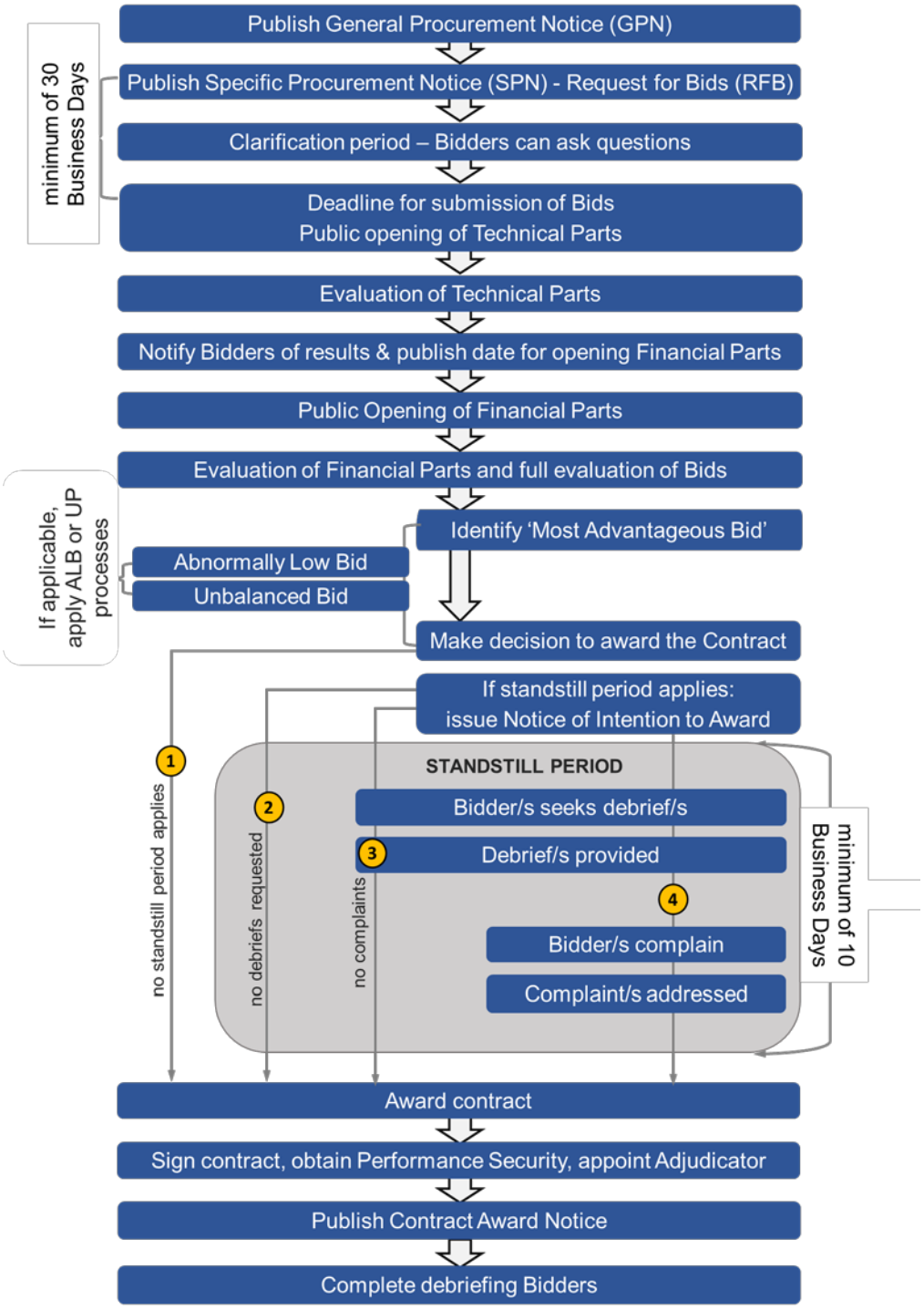


Figure 7: Process flow chart: RFB Two-envelope process (without Prequalification)



5. Requests for Quotations

5.1 Quotations should be obtained through advertisement or, when limited competition is justified, through a request for quotations (RFQ) to a limited number of firms. To ensure competition, the Borrower should request quotations normally from not fewer than three (3) firms.

5.2 Firms shall be given sufficient time to prepare and submit their quotations. RFQs shall include the description, quantity, delivery period, location of the Goods, Works and Non-consulting Services, including any installation requirements, as appropriate. The request shall also indicate the deadline for submission of quotations and specify that quotations may be submitted by letter, facsimile or by electronic means.

5.3 The evaluation of the quotations and contract award shall be carried out according to the criteria specified in the RFQ. The terms of the accepted quotation shall be incorporated in a contractually binding document. The Borrower shall keep records of all proceedings regarding RFQs.

6. Particular Types of Procurement Arrangements

E-reverse Auctions

6.1 The E-reverse auction is a particular application of an RFQs and shall start within a reasonable time after firms that 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 auction.

6.2 Firms then place offers to provide the Goods or Non-consulting Services; at the end of the auction, the firm with the lowest Bid price is considered for award.

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

Program of Imports

6.4 Where the loan provides financing for a program of imports handled by the Borrower's public sector entities, the RFB selection method with simplified advertising and currency provisions may be used for large-value contracts, as defined in the Procurement Plan. The simplified provisions for notification do not require a GPN. SPNs shall be advertised in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, if any, or on a widely used website or electronic portal with free national and international access, in addition to UNDB Online and the Bank's external website. The period allowed for submission of Bids may be reduced to 20 Business Days from the date of publication of the SPN on UNDB Online. Bidding and payment may be limited to one currency widely used in international trade. For smaller contracts identified in the

Procurement Plan, the Borrower's public sector entities may procure the imports using the applicable procedures of the public sector entity handling the imports, if acceptable to the Bank.

6.5 When the private sector entity handles the procurement of imports, Commercial Practices, specified in Paragraph 6.46 (Commercial Practices), may be applied.

6.6 Pre-shipment inspection and certification of imports is one of the risk mitigation measures for the Borrower, particularly for a large import program. The inspection and certification usually covers quality, quantity and reasonableness of price. Imports procured using the RFB selection methods may not be subject to price verification, but only verification of quality and quantity. However, imports procured using less competitive methods than the RFB method may additionally be subjected to price verification. Physical inspection services may also be included.

Commodities

6.7 A framework arrangement may be established and a list of Bidders drawn up to whom periodic invitations to Bid are issued. Bidders may be invited to quote prices linked to the market price at the time of, or prior to, the shipments. Bid validities shall be as short as possible. A single currency, specified in the request for bids document, in which the commodity is usually priced in the market may be used for bidding and payment. Standard contract conditions and forms consistent with market practices shall be used.

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

Community-driven Development

6.9 CDD projects generally envisage a large number of small-value contracts for Goods, Non-consulting and/or Consulting Services, and a large number of small Works scattered in remote areas. Commonly used procurement procedures include RFQ; 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.

6.10 The proposed arrangements and the project activities to be carried out by community participation are outlined in the Legal Agreement and further elaborated in the relevant project implementation document (manual) approved by the Bank and made publicly available by the Borrower.

7. Consulting Services

Preparation of Shortlists

7.1 The Borrower shall follow the steps below to carry out a Shortlisting process:

a. **Terms of reference**: prepare the complete TOR for the assignment. The TOR shall define clearly the objectives, goals, and scope of the assignment, provide

background information to facilitate preparation of Proposals, and be compatible with the budget;

b. **Request for Expressions of Interest**: prepare the Request for Expressions of Interests (REoI) in accordance with the template provided on the Bank's external website, according to Paragraph 5.25 (Standard Procurement Documents). The REoI includes the complete TOR;

c. **Publication of the REoI**: after the complete TOR have been prepared and are ready for distribution, make the TOR available to interested firms by publishing the REoI according to Paragraphs 5.22 to 5.24 (Publication of Procurement Opportunities);

d. **Clarifications and addenda to the REoI**: shall be In Writing;

e. **Submission of Expressions of Interests**: give firms sufficient time to respond to the REoI, normally no less than 10 Business Days. Late submission of an expression of interest (EoI) is not a cause for its rejection unless the Borrower has already prepared a Shortlist of qualified firms based on EoIs received; and

f. **Shortlisting**: assess the expressions of interest to determine the Shortlist. The criteria to be used for short listing may normally include: core business and years in business, relevant experience, technical and managerial capability of the firm. Key personnel are not evaluated at this stage. The final Shortlist is communicated to all firms that expressed interest, as well as any other firm or entity that requests this information. The invitation to Shortlisted firms to submit Proposals includes the names of all Shortlisted firms. Once the Bank has issued its no-objection to the Shortlist, the Borrower does not modify it without the Bank's no-objection.

Common Procedures for QCBS, FBS, and LCS

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

a. **Request for Proposals Document**: prepare the request for proposals document using the Bank's applicable Standard Request for Proposals document;

b. **Proposal preparation period**: the Borrower shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;

c. **Letter of invitation to submit Proposals**: the Borrower's shall issue the letter of invitation to submit Proposals along with the request for proposals document to all the Shortlisted firms;

d. **Clarifications and addenda:** shall meet the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

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 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission).

f. **Technical Proposal Opening:**

i. the Borrower shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals.

ii. shall meet the requirements of Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) as applicable.

g. **Evaluation of Technical Proposals:** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;

h. **Communications of results**:

i. once the evaluation of technical Proposals is complete, the Borrower shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the request for proposals document. The Borrower shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.

i. **Financial Proposals Opening**:

i. financial Proposals shall not be opened earlier than seven (7) Business Days from the communication of technical evaluation results to the Consultants.

ii. the Borrower shall conduct the opening of the financial Proposals in accordance with Paragraphs 5.40 to 5.48 (Bid/Proposal Opening), as applicable.

j. **Evaluation of Financial Proposals**: shall meet the requirements indicated in the request for proposals document;

k. **Combined Quality and Cost Evaluation**: shall meet the requirements set out in the request for proposals document;

l. **Negotiations:** Negotiations shall include discussions of the TOR, the methodology, Borrower's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract;

m. **Notification of Intention to Award and Standstill Period:** as per Paragraphs 5.75 to 5.77 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period);

n. **Award of Contract and publication of contract award**: shall meet the requirements of Paragraphs 5.88 to 5.92 (Conclusion of Standstill Period and Contract Award), and Paragraphs 5.93 to 5.95 (Contract Award Notice); and

o. **Debriefing**: as per Paragraphs 5.81 to 5.87 (Debriefing by the Borrower).

Procedures for using a Quality-based Selection Process

7.3 Quality Based Selection Process:

a. **Request for Proposals document**: prepare using the Bank's Standard Request for Proposals document;

b. **Proposal preparation period**: the Borrower shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;

c. **Letter of invitation to submit Proposals**: the Borrower's shall issue the letter of invitation to submit Proposals along with the request for proposals document to all the Shortlisted firms;

d. **Clarifications and addenda**: shall meet the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

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**: in accordance with the requirements of Paragraphs 5.40 to 5.48 (Bid/Proposal Opening), as applicable, the Borrower shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;

g. **Evaluation of Technical Proposals**: the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;

h. **Communications of Results**: the Borrower shall:

   i. notify the consulting firm that has the highest score for the technical Proposal as to when the financial Proposal shall be opened or when to submit the financial Proposal; and

   ii. simultaneously inform the other firms who submitted Proposals of their technical scores and that their technical Proposal has not been evaluated as the highest ranked;

i. **Financial Proposals Opening**: (if technical and financial Proposals have been submitted):

   i. Financial Proposals shall not be opened earlier than seven (7) Business Days from the communication of technical evaluation results to the consulting firms;

ii. the Borrower shall conduct the opening of the financial Proposal of the consulting firm with the highest ranking technical Proposal in the presence of the firms who submitted Proposals and wish to attend; and

iii. the Borrower shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.

j. **Financial Proposals Opening** (if only technical Proposal was initially invited):

i. Invitation to the highest technically evaluated firm to submit financial Proposals shall not be earlier than seven (7) Business Days from the communication of technical evaluation results to the Consultants; and

ii. Negotiate the financial Proposal submitted by the highest technically evaluated firm.

k. **Evaluation of Financial Proposals and Negotiations**: the Borrower shall evaluate the financial Proposal and negotiate the final contract;

l. **Notification of Intention to Award and Standstill Period:** as per Paragraphs 5.75 to 5.77 (Notification of Intention to Award);

m. **Award of Contract and Publication of Contract Award**: the Borrower shall publish the contract award information in its website of free access if available, or in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, and on UNDB online, and inform directly to firms that submitted Proposals. The Borrower shall implement a Standstill Period in accordance with Paragraphs 5.78 to 5.80 (Standstill Period); and

n. **Debriefing**: as per Paragraphs 5.81 to 5.87 (Debriefing by the Borrower).

Annex XIII. Competitive Dialogue

1. Purpose

1.1 This Annex outlines the procedures commonly used for Competitive Dialogue. Each Competitive Dialogue needs to be carefully designed to maximize the effectiveness of the procedure. This may result in variations to the generic procedures described below. Competitive Dialogue uses the RFP Model 3 (Multi-stage Integrated), Standard Procurement Document described in Annex XII, Selection Methods. A summary of the process can be found in figure 1 of this annex.

2. Requirements

2.1 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with Proposers. The Borrower shall justify the use of Competitive Dialogue in the Project Procurement Strategy for Development (PPSD). It may only be used for complex or innovative procurement.

2.2 Competitive Dialogue may be appropriate:

a. where a number of solutions that satisfy the Borrower's requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and

b. due to the nature and complexity of the procurement, the Borrower is not objectively able to:

i. adequately define the technical or performance specifications and scope to satisfy its requirements; and/or

ii. fully specify the legal and/or financial arrangements of the procurement.

2.3 In Competitive Dialogue, the Borrower enters into dialogue with Initially Selected firms/joint ventures, with the aim of better identifying and defining the means best suited to satisfy the Borrower's requirements before inviting the firms to submit their final Proposals.

3. Undertaking a Competitive Dialogue

3.1 To ensure transparency and accountability the Borrower shall identify an independent Probity Assurance Provider (Probity Auditor) acceptable to the Bank. The Probity Auditor shall be appointed at the beginning of the procurement and audit the process until the award of contract.

3.2 The Probity Auditor shall provide independent scrutiny of the procurement process, the procurement decision making process, the dialogue phase with each Proposer, and in particular the conduct of any BAFO or negotiations that take place. Following the Borrower's decision to award the contract, and before the Notice of Intention to Award the contract is transmitted, the Probity Auditor shall provide a probity report. The report shall be provided to the Borrower with a copy sent to the Bank.

3.3 The Competitive Dialogue procurement process normally includes several phases:

Phase 1: Initial Selection

Step 1: Issue initial selection document in accordance with to paragraph. 3.1 of Annex XII, Selection Methods.

Step 2: Receipt and public opening of Initial Selection Applications.

Step 3: Evaluation of Initial Selection Applications to identify the firms/joint ventures to be Initially Selected and invited to participate in the dialogue phase of the process.

The list of Initially Selected firms/joint ventures shall include a sufficient number, normally not less than three (3) and not exceeding six (6) (i.e. a range of 3 to 6). The Bank may agree to an Initial Selection list comprising a smaller number when enough qualified firms/joint ventures have not expressed interest in the contract. Normally this will be a sufficient number to ensure adequate competition throughout the dialogue process.

Phase 2: Request for Interim Proposals and Dialogue

Step 1: Issue request for proposals document in accordance with the Bank's Standard Procurement Document to the Initially Selected firms/joint ventures (Proposers). Normally a one-envelope process is used at this Phase. Clarifications and addenda may be made in accordance with the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents).

Step 2: Proposers submit Interim Proposals which provide solutions to the Borrower's problem definition or statement of need or business requirements as defined in the request for proposals document. Interim Proposals are opened at a public opening.

Step 3: The Borrower makes an initial assessment of the Interim Proposals against the evaluation criteria described in the request for proposals document.

Step 4: Parties enter into dialogue. This involves the Borrower holding separate, confidential bilateral dialogue meetings (rounds) with each Proposer to discuss all aspects of its Proposal. The dialogue meeting may focus on the solution, the commercial deal, the legal aspects and such other features the Borrower considers relevant.

The rounds of bilateral dialogue meetings can be repeated until the Borrower is satisfied that discussions have been exhausted. The Borrower should indicate in the request for proposals document the number of rounds of dialogue planned to take place.

A progressive elimination of Proposers may take place on the basis of the review of the initial solutions, and by applying the criteria and methodology specified in the request for proposals document.

The number of Proposals at the close of the dialogue phase should normally be not less than three (3).

Each Proposer shall be given an equal opportunity to participate in each dialogue round, unless they are eliminated from the process (as above).

Step 5: The Borrower may test the readiness of Proposers to submit compliant Final Proposals by requesting and assessing a 'Draft Final Proposal'. This is an initial version of the final Proposal. Once the Borrower is satisfied that at least one compliant final Proposal will be received, dialogue can be closed. Dialogue should continue if further work is required to produce at least one compliant final Proposal.

Step 6: Formal closure of the dialogue phase. The Borrower declares that the dialogue is closed. No further discussions are allowed after this closure.

The Borrower refines the problem definition or statement of need or business requirements and prepares addenda to the request for proposals document to convert it into the Phase 3 request for proposals document.

Phase 3: Request for Final Proposals

Step 1: Issue updated request for proposals document to the Proposers (that have not been eliminated in Phase 2), in accordance with the Bank's SPD. A two-envelope process is normally used at this Phase.

Step 2: Receipt and public opening of Final Proposals. Only the technical Proposals are opened at this time. Financial Proposals remain sealed.

Step 3: The Borrower evaluates technical Proposals against the evaluation criteria described in the request for proposals document. There should be no need to seek clarification with a Proposer. The dialogue phase has closed and no further discussions are allowed.

Step 4: The Borrower opens the financial Proposals in the presence of the Probity Auditor. This is not normally done in public. The Borrower evaluates financial Proposals against the evaluation criteria described in the request for proposals document.

Step 5: Once evaluation is completed, the Borrower selects the Most Advantageous Proposal for contract award according to the criteria specified in the request for proposals document.

Step 6: Once the Most Advantageous Proposal has been selected, the Borrower and the selected Proposer will finalize details of the solution. This process only allows for clarification and confirmation and does not permit any material deviation from the final Proposal that formed the basis of the Borrower's decision to select.

Step 7: At this step in the process the Probity Auditor shall prepare a probity report. The report will be provided to the Borrower and a copy sent to the Bank. To ensure transparency and accountability the Probity Auditor's report shall be sent by the

Borrower to all Proposers, who were involved in the dialogue stages, (after excluding all confidential information), and published on the Borrower's website. This shall be done at the same time as transmission of the Notice of Intention to Award the contract.

Step 8 Notification of Intention to Award and Standstill Period: The Borrower transmits its Notice of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract.

Step 9: The Borrower shall publish the Contract Award Notice following expiry of the Standstill Period. In awarding the contract and publishing the Contract Award Notice the Borrower shall meet the requirements of Paragraphs 5.88 to 5.92 (Conclusion of the Standstill Period and Contract Award), and Paragraphs 5.93 to 5.95 (Contract Award Notice).

4. Dialogue Procedures and Considerations

4.1 The dialogue consists of confidential clarification meetings with the Initially Selected Proposers to discuss all aspects of the Proposal submitted including the details of the solution, the commercial deal, price, the legal aspects and such other features the Borrower considers relevant. The procedures and considerations include:

a. The invitation to participate in the dialogue phase restates the needs and requirements, describes the dialogue process, and sets out the award criteria for the final Proposal;

b. The objective of the dialogue meetings is for the Borrower to engage in a clarification process with each Proposer to identify appropriate technical aspects and/or commercial terms and conditions. The outcome of the dialogue meetings may be incorporated in addenda to the request for proposals document to be issued for the final submission;

c. Interim Proposals: to confirm and test each Proposer's understanding of the Borrower's problem definition or statement of need or business requirements (as defined in the request for proposals document), and to fine-tune the Proposal or Phase 3 request for proposals document;

d. The number of meetings with each Proposer is determined by the Borrower on the basis of its need to clarify information included in each Proposal. The Borrower shall determine whether or not further meetings are necessary with a Proposer and communicate this decision to the Proposer;

e. The Borrower shall not provide information in a discriminatory manner which may give some Proposers an advantage over others;

f. Proposers shall identify and agree with the Borrower which part/s of their Proposal are specific to them and have to be treated as commercially confidential;

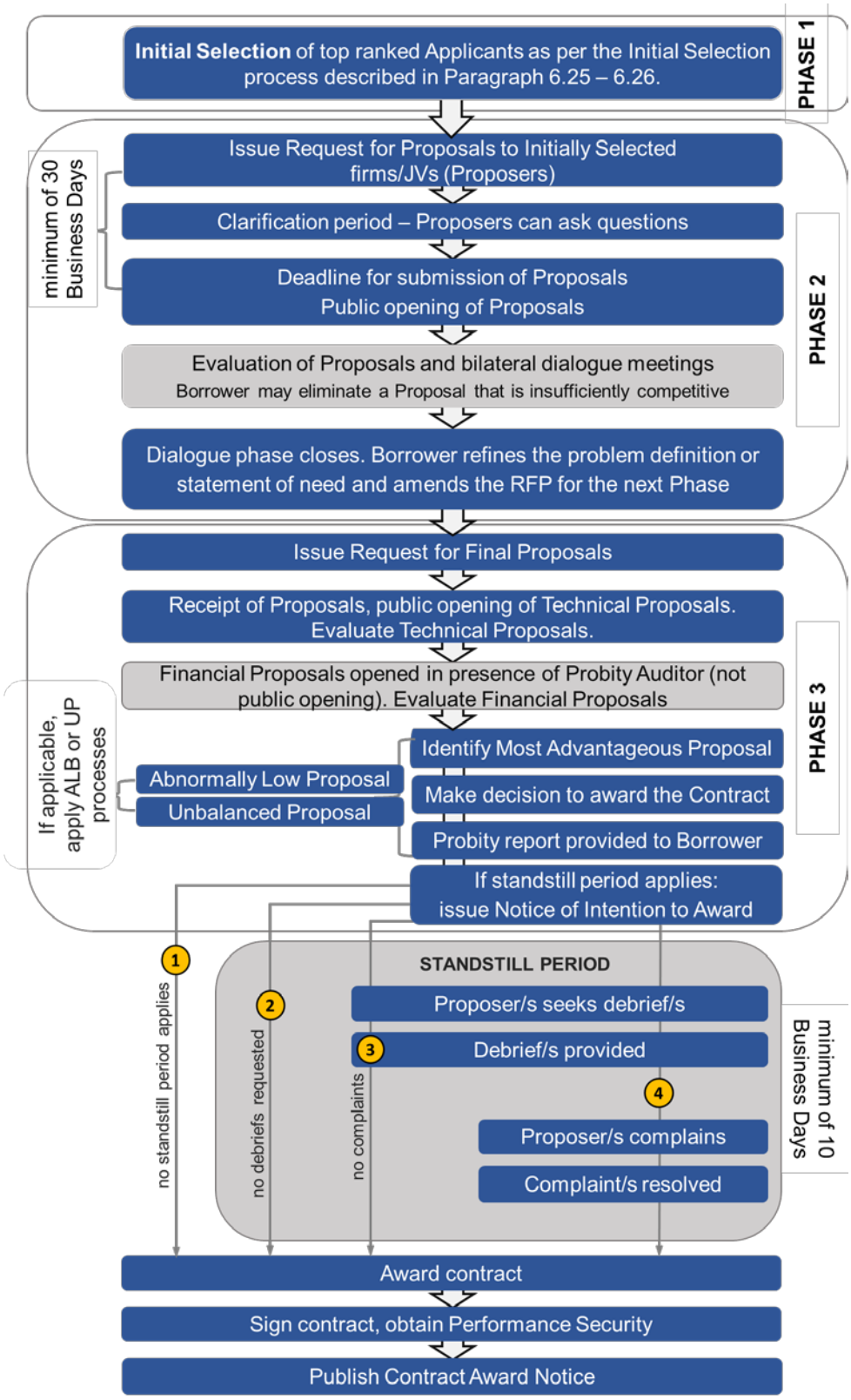
g. The Borrower shall not disclose to other Proposers the solutions proposed or any commercially confidential information communicated by a Proposer in its Proposal and as disclosed during the dialogue phase without that Proposer's prior written consent;

h. The Borrower shall not use a Proposer's commercially confidential information to enhance other Proposals;

i. The dialogue meetings shall be attended by a Probity Auditor selected by the Borrower and acceptable to the Bank to ensure that a competitive process takes place and that no undue advantage is given to any of the firms/joint-ventures as result of these meetings; and

j. The Borrower shall prepare confidential minutes of the dialogue meetings it has with each Proposer which shall be communicated to the respective Proposer as part of the invitation to submit final Proposals. The minutes shall not form part of the final request for proposals document.

Figure 1: Process flow chart: RFP Model 3: Competitive Dialogue



Annex XIV. Public-Private Partnerships

1. Purpose

1.1 This Annex outlines the requirements to be met by Borrowers in selecting the private partner in public-private partnership (PPP) arrangements financed by the Bank.

2. Requirements

2.1 In a PPP arrangement, the Borrower undertakes the following project phases:

a. project assessment;

b. project structuring;

c. selection of the private partner; and

d. contract management.

2.2 The Borrower shall demonstrate that there is adequate institutional capacity to prepare, structure, procure and manage the PPP project.

3. Project Assessment: Business Case and Feasibility Requirements

Identification

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

Feasibility Considerations

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

a. whether the underlying project is adequately justified, on the basis of a sound and quantified economic analysis the project presents best VfM, i.e., is cost-benefit justified, and the approach to delivering the benefits, considering the relevant technical, legal, financial and environmental constraints, irrespective of implementation as a PPP or through other public sector procurement;

b. whether the project's overall revenue requirements are within the capacity of users, the public authority, or both, to pay for the infrastructure service;

c. that the project risks were identified and assessed and that mitigation measures were considered, and that the residual fiscal risk will not jeopardize fiscal sustainability;

d. that the chosen PPP scheme (i.e., risk-allocation matrix, pay and performance mechanism) resulted from the consideration of alternative PPP schemes and other procurement options; and

e. the commercial viability, that is, whether the project is likely to be able to attract good-quality sponsors and lenders by providing robust and reasonable financial returns.

3.3 The Borrower shall ensure the information above is available to enable an independent review and third party assurance of the inputs, assumptions and results.

4. Project structuring: PPP Structure Requirements

Output Specification

4.1 The Borrower shall ensure that output requirements are included and the output specifications include:

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

b. how performance will be monitored, including roles for the government's contract management team, the private partner, external monitors, regulators, and users; and

c. the consequences for failure to reach the required performance targets, clearly specified and enforceable.

Risk Allocation

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

Performance Payment Mechanism

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

5. Selection of the Private Partner

5.1 Open competition is the Bank's preferred procurement approach. Exceptionally, the Bank may agree to a non-competitive selection process. The Borrower selects the private partner according to the requirements set out in Paragraph 6.43.

5.2 PPP activities whose procurement processes have been initiated or contracts have been awarded may be financed by the Bank, if the Bank is satisfied with the project justification, feasibility, PPP structure requirements, contract arrangements and the consistency of the selection process for the private partner with the Bank's Core Procurement Principles and

Sections I, II and III of these Procurement Regulations, and the compliance with the Bank's Anti-corruption Guidelines.

Unsolicited Proposals

5.3 The Bank may agree to finance PPP projects initiated from unsolicited proposals. In all instances of unsolicited proposals, the process to assess and determine the best fit-for-purpose and VfM approach to awarding a contract initiated by an unsolicited proposal shall be clearly defined by the Borrower.

5.4 When an unsolicited proposal is subjected to a competitive selection process, the Borrower may use one of the following approaches in allowing the firm that submitted the unsolicited proposal to participate in the process:

a. The Borrower grants no advantage to the firm in the process. The Borrower may separately compensate the firm if permitted under Borrower's applicable regulatory framework; or

b. The firm is granted an advantage in the selection process, such as a point bonus in the evaluation or a guaranteed access to the second stage of a two-stage process. This advantage shall be disclosed in the request for bids/ request for proposals document and defined in such a way that it does not prevent effective competition.

6. Contract Management

6.1 The Bank requires that the Borrower submit a Contract Management Plan. For details see Annex XI, Contract Management.

Annex XV. Framework Agreements

1. Purpose

1.1 This Annex supplements the provisions of Paragraphs 6.57 to 6.59 (FA for Goods, Works and Non-consulting Services), Paragraph 7.33 (FA for Consulting Services), and describes the minimum requirements for establishing a FA for contracts financed by the Bank through IPF.

2. Requirements

2.1 A Borrower may establish a FA with firms that are capable of delivering specified Goods, Works, Non-Consulting Services and/or Consulting Services agreeing, in advance, the applicable terms and conditions. These usually include the fees, charge rate or pricing mechanism.

2.2 FAs may be pre-existing to an IPF operation or newly established under an IPF operation. To be used for an IPF operation:

a. Pre-Existing: the Bank shall be satisfied a pre-existing Borrower's FA is consistent with the Bank's Core Procurement Principles; or

b. New: a new FA established by the Borrower shall meet the requirements of these Procurement Regulations.

2.3 Firms awarded a FA (FA firms) have no guarantee of any call-off contracts. The number of firms awarded FAs should be proportionate to the anticipated demand. This allows all FA firms an opportunity to be awarded a call-off contract.

3. Parties

3.1 A FA can be concluded with a single provider or with several providers, for the same Goods, Works, Non-consulting Services, or Consulting Services. The Borrower shall decide on the appropriate strategy based on the market conditions and its requirements.

3.2 FAs shall only be used between the Borrower's procuring entity/s and the FA firm/s. When several procuring entities establish a FA together, a lead entity is appointed to act on behalf of the group of entities. Each entity in the group is identified in the request for bids/request for proposals documents at the time of going to market. Each individual procuring entity shall be specified in each call-off contract.

4. Establishing the FA

4.1 In order to establish a FA, the Borrower shall use open competitive procurement with appropriate request for bids/request for proposals documents. Once a FA is established, the Borrower does not need to openly advertise individual contract opportunities to be awarded as call-offs.

4.2 The additional information in the request for bids/request for proposals documents shall include as a minimum:

a. a description of the Goods, Works, Non-consulting Services or Consulting Services that the FA is intended to cover;

b. an estimate of the total volume/scope of the Goods, Works, Non-consulting Services or Consulting Services for which call-off contracts may be placed and, as far as possible, the volume/scope and frequency of the call-off contracts to be awarded under the FA;

c. qualification and evaluation criteria and, evaluation methodology;

d. the terms and conditions of contract that will apply to call-offs under the FA, which shall include the following information:

i. a statement that the fees, charge rate or pricing mechanism, and any other associated costs shall be agreed with each firm, and be valid for the term of the FA;

ii. a statement that explains that the Borrower will engage FA firms as required, through call-off contracts;

iii. a statement that the FA is:

- a closed panel (which should normally be the case), and the constitution of the panel shall remain unchanged during the term of the FA (other than firms being removed from the panel, no additional or replacement firms may be added); or
- an open panel and an outline of the process for selection;

iv. a statement that there is no guarantee of being awarded a call-off contract, and no commitment will be made with regard to possible volume of Goods, Works, Non-consulting Services, or Consulting Services;

v. a statement that the FA is not an exclusive agreement and that the Borrower reserves the right to procure the same or similar Goods, Works, Non-consulting Services, or Consulting Services from non-FA firms;

vi. a description of the circumstances that may lead to a firm being removed from the FA, and the process to be used in securing the removal;

e. the secondary procurement method or methods the Borrower shall use to select a firm (the call-off process);

f. the contractual method the Borrower will use to secure the call-off contract (for example, a statement of work or purchase order); and

g. the duration of the FA, including any option to extend. FAs shall be established for a maximum period of three (3) years, with the option to extend by up to a further two (2) years, if the initial engagement has been satisfactory.

4.3 The Borrower shall issue a Notification of Intention to conclude a FA (in conformance with Paragraphs 5.72 to 5.77 (Notification of Intention to Award), and a Standstill Period shall

apply at the time when the FA is established. A public notice of the conclusion of the FA shall be published when the FA is established, as per Paragraphs 5.93 to 5.95 (Contract Award Notice). This shall list the names of all firms that have been included in the FA.

5. Call-off Contracts

5.1 For each procurement under a FA, a firm shall be selected from the panel using the secondary procurement process, or one of the processes, described in the FA.

5.2 The secondary procurement for the call-off process shall take one or, as an option both, of the following forms:

a. **mini-competition** based on objective criteria for call-offs that have been described in the FA, such as:

i. competitive quotes (RFQ - from some or all of the panel members) based on the lowest evaluated cost;

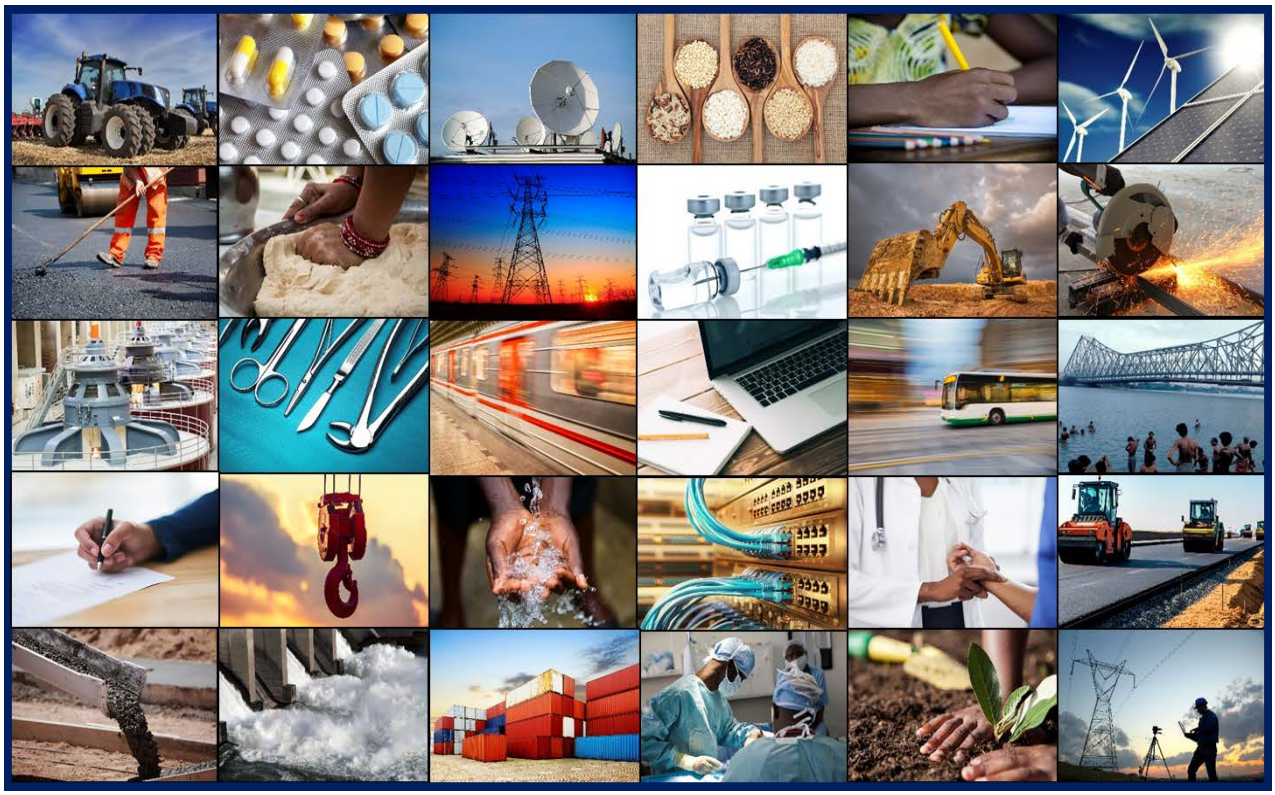
ii. competitive Bids or Proposals (RFB or RFP from some or all of the panel members), based on expertise, proposed solutions and value for money; and/or

b. **direct selection** based on objective criteria for call-offs that have been described in the FA, such as;

i. location where call-off contracts are awarded to the firm that is best able to deliver based on their location and the location where the Goods, Works, Non-consulting Services, or Consulting Services are to be delivered.

ii. balanced division of supply/scope/task where an upper value limit is fixed and call-off contracts are awarded in turn on a rotational basis when a firm reaches the upper value limit;

5.3 As part of the call-off process, firms shall be given a description of the scope of supply/tasks that they will be expected to provide. The statement of work or purchase order to be issued as part of the call-off process shall specify the objectives, tasks, deliverables, timeframes and price or price mechanism. The price for individual call-off contracts shall be based on the fees, charge rate or pricing mechanism detailed in the FA.



For additional information, such as Standard Procurement Documents (SPDs), Guidance, briefing, training and e-learning materials see www.worldbank.org/procurement

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