

CARIBBEAN DEVELOPMENT BANK

**GUIDELINES
FOR
PROCUREMENT**

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ABBREVIATIONS

BOO	-	Build, own, operate
BOOT	-	Build, own, operate, transfer
BOT	-	Build, operate, transfer
CDB	-	Caribbean Development Bank
CIF	-	Cost, Insurance, and Freight
CIP	-	Carriage and Insurance Paid
CPT	-	Carriage Paid To
DDP	-	Delivered Duty Paid
EXW	-	Ex works, Ex factory, or Off the Shelf
FCA	-	Free Carrier
ICB	-	International Competitive Bidding
LIB	-	Limited International Bidding
LRB	-	Limited Regional Bidding
OBP	-	Output-Based Procurement
NCB	-	National Competitive Bidding
PAR	-	Project Appraisal Report
SA	-	Special Account
SBDs	-	Standard Bidding Documents
UN	-	United Nations
UNDB	-	United Nations Development Business

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1. INTRODUCTION

PURPOSE

1.01 The purpose of these Guidelines is to inform those carrying out a project that is financed in whole or in part by a loan or grant (CDB Financing) from the Caribbean Development Bank (CDB) of the policies that govern the procurement of goods, works, and services (other than consultant services) ^{1/} required for the project. The Loan or Grant Agreement (the Financing Agreement) governs the legal relationships between the Borrower or Grantee (the Recipient of CDB Financing) and CDB, and these Guidelines are made applicable to procurement of goods, works and services for the project, as provided in the Financing Agreement. The rights and obligations of the Recipient of CDB Financing and the providers of goods, works and services for the project are governed by the bidding ^{2/} documents, and by the contracts signed by the Recipient of CDB Financing with the providers of goods, works and services, and not by these Guidelines or the Financing Agreement. No party other than the parties to the Financing Agreement shall derive any rights therefrom or have any claim to the proceeds of CDB Financing.

GENERAL CONSIDERATIONS

1.02 The responsibility for the implementation of the project, and therefore for the award and administration of contracts under the project, rests with the Recipient of CDB Financing. ^{3/} CDB, for its part, is required by the Agreement establishing CDB to “take the necessary measures to ensure that the proceeds of any loan made, guaranteed, or participated in are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency” ^{4/} and it has established detailed procedures for this

^{1/} References to “goods” and “works” in these Guidelines include related services such as transportation, insurance, installation, commissioning, training, and initial maintenance. “Goods” include commodities, raw material, machinery, equipment, and industrial plant. The provisions of these Guidelines also apply to services which are bid and contracted on the basis of performance of a measurable physical output, such as drilling, mapping, and similar operations. These Guidelines do not refer to Consultants’ services, to which CDB’s current Procedures for the Selection and Engagement of Consultants by Recipients of CDB Financing (referred to herein as Consultant Procedures) apply.

^{2/} For the purposes of these Guidelines, the words “bid” and “tender” shall have the same meaning.

^{3/} In some cases, the Recipient of CDB Financing acts only as an intermediary, and the project is carried out by another agency or entity. References in these Guidelines to the Recipient of CDB Financing include such agencies and entities, as well as sub-borrowers under on-lending arrangements.

^{4/} Article 15(k) of the Agreement Establishing CDB.

purpose. 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, four considerations generally guide CDB's requirements:

- (a) the need for economy and efficiency in the implementation of the project, including the procurement of the goods, works and services involved;
- (b) CDB's interest in giving all eligible bidders from eligible countries^{5/} the same information and equal opportunity to compete in providing goods, works and services financed by CDB;
- (c) CDB's interest in encouraging the development of contracting in the Borrowing member countries of CDB and manufacturing industries in the Region^{6/}; and
- (d) the importance of transparency in the procurement process.

1.03 Open competition is the basis for efficient public procurement. In most cases, International Competitive Bidding (ICB), properly administered, and with the allowance for preferences for regionally manufactured goods and for contractors^{7/} from Commonwealth Caribbean member countries of CDB, for works under agreed conditions,^{8/} is the most appropriate method. In most cases, therefore, CDB requires the Recipient of CDB Financing to obtain goods, works and services through ICB open to eligible suppliers and contractors.^{9/} Section 2 of these Guidelines describes the procedures for ICB.

1.04 Where ICB is not the most appropriate method of procurement, other methods of procurement may

^{5/} See paragraphs 1.06, 1.07, 1.08 and 1.09 and Appendix 1.

^{6/} For the purposes of these Guidelines, "Region" refers to those CDB member countries described as Regional Members in Appendix 1 and "Commonwealth Caribbean Member Countries" are those Regional Members that are described as such in Appendix 1.

^{7/} For purposes of these Guidelines, "contractor" refers only to a body corporate or individual providing construction services.

^{8/} See paragraph 2.55.

^{9/} See paragraph 1.06, 1.07, 1.08 and 1.09 and Appendix 1.

be used. Section 3 describes these other methods of procurement and the circumstances under which their application would be more appropriate. The particular methods that may be followed for procurement under a given project are provided for in the Financing Agreement. The specific contracts to be financed under the project, and their method of procurement, consistent with the Financing Agreement, are specified in the Procurement Plan as indicated in paragraph 1.17 of these Guidelines.

APPLICABILITY OF GUIDELINES

1.05 The procedures outlined in these Guidelines apply to all contracts for goods, works and services financed in whole or in part from the CDB Financing.^{10/} For the procurement of those contracts for goods, works and services not financed from the CDB Financing, the Recipient of CDB Financing may adopt other procedures. In such cases CDB shall be satisfied that the procedures to be used will fulfill the obligations of the Recipient of CDB Financing to cause the project to be carried out diligently and efficiently, and that the goods, works and services to be procured:

- (a) are of satisfactory quality and are compatible with the balance of the project;
- (b) will be delivered or completed in a timely fashion; and
- (c) are priced so as not to adversely affect the economic and financial viability of the project.

ELIGIBILITY

1.06 To foster competition CDB permits bodies corporate and individuals from all of its member countries and any other countries determined by CDB^{11/} to offer goods, works, and services for CDB-financed projects. Any conditions for participation shall be limited to those

^{10/} This includes those cases where the Recipient of CDB Financing employs a procurement agent under paragraph 3.11.

^{11/} Where financing is from resources of any of the other multilateral financing institutions, CDB permits bodies corporate and individuals from member countries of CDB and other countries designated by such institutions in the agreement with CDB, to offer goods, works, and services for CDB-financed projects.

Where financing is from CDB's Special Funds Resources, CDB permits bodies corporate and individuals from the contributors of the respective resources and other countries designated by those contributors in the agreement with CDB to offer goods, works and services for CDB-financed projects.

that are essential to ensure the capability of the body corporate or individual to fulfill the contract in question. CDB's member countries are set out in Appendix 1 to these Guidelines and any other eligible countries will be published once the particular funding is contemplated for use.

1.07 In connection with any contract to be financed in whole or in part from CDB Financing, CDB does not permit a Recipient of CDB Financing to deny pre- or post-qualification to a body corporate or individual for reasons unrelated to the capability and resources of the body corporate or individual to successfully perform the contract; nor does it permit a Recipient of CDB Financing to disqualify any bidder for such reasons. Consequently, Recipients of CDB Financing should carry out due diligence on the technical and financial qualifications of bidders to be assured of their capabilities in relation to the specific contract.

1.08 As exceptions to the foregoing:

- (a) Bodies corporate 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 country of the Recipient of CDB Financing prohibits commercial relations with that country, provided that CDB is satisfied that such exclusion does not preclude effective competition for the supply of goods or works required; 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 (UN), the country of the Recipient of CDB Financing prohibits any import of goods from, or payments to, a particular country, person, or entity. Where the country of the Recipient of CDB Financing prohibits payments to a particular body corporate or individual or for particular goods by such an act of compliance, that body corporate or individual may be excluded.

- (b) A body corporate or individual which has been engaged by the Recipient of CDB Financing to provide consulting services for the preparation or implementation of a project, and any of the affiliates of such body corporate, shall be disqualified from subsequently providing goods, works, or services resulting from or directly related to the consulting services of such body corporate or individual for such preparation or implementation. This provision does not apply to the various bodies corporate or individuals (consultants, contractors, or suppliers) which together are performing the contractor's obligations under a turnkey or design and build contract.^{12/}
- (c) Government-owned or controlled enterprises in an eligible country may participate only if they can establish that they:
 - (i) are legally and financially autonomous;
 - (ii) operate under commercial law; and
 - (iii) are not dependent agencies of the eligible country.^{13/}
- (d) A body corporate declared ineligible by CDB in accordance with sub-paragraph (d) of paragraph 1.15 of these Guidelines shall be ineligible to be awarded a CDB-financed contract during the period of time determined by CDB.

1.09 Goods and construction services meeting the following criteria shall be eligible for procurement from the proceeds of CDB Financing:

- (a) In relation to goods, goods shall be eligible for procurement if they have their source and origin in an eligible country, and for that purpose:

^{12/} See paragraph 2.05.

^{13/} Other than Force Account units, as permitted under paragraph 3.09.

- (i) “source” shall mean the country from which an item is transported to the country in which the project is located or the latter country, provided that in both cases the item is located there at the time of purchase;
 - (ii) “origin” shall mean the country in which an item is mined, grown or produced. An item is produced when, through manufacturing, processing or substantial and major assembling of components, a commercially recognised new product results that is substantially different in basic characteristics or in purpose or utility from its components; and
 - (iii) goods shall be considered to originate in a country if they meet the criterion of at least 50% by value derived from within that country.
- (b) In relation to construction services, a construction contractor, each member of a joint venture or consortium and any sub contractor shall be eligible for procurement if:
- (i) in the case of a body corporate, it is legally incorporated or otherwise organised in an eligible country, has its principal place of business in an eligible country and is either:
 - (aa) more than 50% beneficially owned by a citizen or citizens and/or a bona fide resident or residents of an eligible country or countries or by a body corporate or bodies corporate meeting these requirements; or
 - (bb) owned or controlled by the government of an eligible country provided that it meets the requirements of paragraph 1.08 (c) of these Guidelines;

- (ii) in the case of individuals, the person or persons is or are a citizen or citizens or bona fide resident or residents of an eligible country; and
- (iii) in all cases, the bidder has no arrangement and undertakes not to make any arrangement whereby any substantial part of the net profits or other tangible benefits of the contract will accrue or be paid to a person not a citizen or bona fide resident of an eligible country.

ADVANCE CONTRACTING AND RETROACTIVE FINANCING

1.10 The Recipient of CDB Financing may wish to proceed with the initial steps of procurement before signing the related Financing Agreement. In such cases, the procurement procedures, including advertising, shall be in accordance with these Guidelines in order for the eventual contracts to be eligible for CDB Financing, and CDB shall review the process used by the Recipient of CDB Financing. A Recipient of CDB Financing undertakes such advance contracting at the sole risk of the Recipient of CDB Financing, and any concurrence by CDB with the procedures, documentation, or proposal for award does not commit CDB to provide CDB Financing for the project in question. If the contract is signed, reimbursement by CDB of any payments made by the Recipient of CDB Financing under the contract prior to signing of the Financing Agreement is referred to as retroactive financing and is only permitted within the limits specified in the Financing Agreement.

JOINT VENTURES

1.11 Any body corporate or individual may bid independently or in joint venture confirming joint and several liability, with a body or bodies corporate or an individual or individuals from one or more eligible countries, but CDB does not accept conditions of bidding which require mandatory joint ventures or other forms of mandatory association between bodies corporate and/or individuals.

CDB REVIEW

1.12 CDB reviews the procurement procedures, bid documents, bid evaluations, award recommendations,

and contracts of the Recipient of CDB Financing to ensure that the procurement process is carried out in accordance with the agreed procedures. These review procedures are described in Appendix 2. The Procurement Plan approved by CDB ^{14/} shall specify the extent to which these review procedures shall apply in respect of the different categories of goods, works and services to be financed, in whole or in part, from CDB Financing.

MISPROCUREMENT

1.13 CDB does not finance expenditures for goods, works and services which have not been procured in accordance with the agreed provisions in the Financing Agreement and as further elaborated in the Procurement Plan. ^{15/} In such cases, CDB will declare a misprocurement, and it is the policy of CDB to cancel that portion of the CDB Financing allocated to the goods, works and services that has been misprocured. CDB may, in addition, exercise other remedies provided for under the Financing Agreement. Even after the contract is awarded and after obtaining a “no objection” from CDB, CDB may still declare a misprocurement if it concludes that the “no objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Recipient of CDB Financing or the terms and conditions of the contract had been modified without CDB’s approval.

REFERENCES TO CDB

1.14 If the Recipient of CDB Financing wishes to refer to CDB in procurement documents, the following language shall be used:

“(name of Borrower or Grantee) has received (or in appropriate cases ‘has applied for’) a [loan or grant] from the Caribbean Development Bank (the “Bank”) in an amount equivalent to USD toward the cost of (name of project), and intends to apply a portion of the proceeds of this [loan or grant] to eligible payments under this contract. Payment by CDB will be made only at the request of (name of Borrower or Grantee or designate) and upon approval by CDB, and will be subject, in all respects, to the

^{14/} See paragraph 1.17.

^{15/} See paragraph 1.17.

terms and conditions of the [Loan or Grant] Agreement. The [Loan or Grant] Agreement prohibits a withdrawal from the [Loan or Grant] Account for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of CDB, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations. No party other than (name of Borrower or Grantee) shall derive any rights from the [Loan or Grant] Agreement or have any claim to the proceeds of the [Loan or Grant].”

FRAUD AND CORRUPTION

1.15 It is CDB’s policy to require that Recipients of CDB Financing (including beneficiaries of CDB Financing), as well as bidders, suppliers, and contractors under CDB-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, CDB:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) “corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, of any thing of value to influence the action of a ¹⁶ public official in the procurement process or in contract execution;
 - (ii) “fraudulent practice” means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract;
 - (iii) “collusive practices” means a scheme or arrangement between two or more bidders, with or without the knowledge of the Recipient of CDB Financing, designed to establish bid prices at artificial, non-competitive levels; and

^{16/} Includes CDB staff and employees of other organisations taking or reviewing procurement decisions.

- (iv) “coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract.
- (b) will reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question;
- (c) will cancel the portion of the CDB Financing allocated to a contract if it determines at any time that representatives of the Recipient of CDB Financing or of a beneficiary of the CDB Financing engaged in corrupt, fraudulent, collusive, or coercive practices during the procurement or the execution of that contract, without the Recipient of CDB Financing having taken timely and appropriate action satisfactory to CDB to remedy the situation;
- (d) will sanction a body corporate or individual, including declaring the body corporate or individual ineligible, either indefinitely or for a stated period of time, to be awarded a CDB-financed contract if it at any time determines that the body corporate or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for, or in executing, a CDB-financed contract; and
- (e) will have the right to require that a provision be included in bidding documents and in contracts financed by a CDB Financing, requiring bidders, suppliers and contractors to permit CDB to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by CDB.

1.16 With the specific agreement of CDB, a Recipient of CDB Financing may introduce, into bid forms for contracts ^{17/} financed by CDB, an undertaking of the

bidder to observe, in competing for and executing a contract, the laws of the country in which the project is being carried out against fraud and corruption (including bribery), as listed in the bidding documents.^{18/} CDB will accept the introduction of such undertaking at the request of a borrowing member country, provided the arrangements governing such undertaking are satisfactory to CDB.

PROCUREMENT PLAN

1.17 As part of the preparation of the project, the Recipient of CDB Financing shall prepare and furnish to CDB for its approval, a Procurement Plan^{19/} acceptable to CDB setting forth:

- (a) the particular contracts for the goods, works, and/or services required to carry out the project during the initial period of at least eighteen (18) months;
- (b) the proposed methods for procurement of such contracts that are permitted under the Financing Agreement; and
- (c) the related CDB review procedures^{20/}.

The Recipient of CDB Financing shall update the Procurement Plan annually or as needed throughout the duration of the project. The Recipient of CDB Financing shall implement the Procurement Plan in the manner in which it has been approved by CDB.

^{17/} CDB will determine from time to time what are large contracts.

^{18/} As an example, such an undertaking might read as follows: "We undertake that, in competing for (and, if the award is made to us, in executing) the above contract, we will strictly observe the laws against fraud and corruption in force in the country of the [Purchaser or Employer], as such laws have been listed by the [Purchaser or Employer] in the bidding documents for this contract."

^{19/} If the Project includes the selection of consulting services, the Procurement Plan should also include the methods for selection of consulting services in accordance with the Consultant Procedures. CDB will disclose the initial Procurement Plan to the public after the related loan or grant has been approved; additional updates will be disclosed after CDB has approved them.

^{20/} See Appendix 2.

2. INTERNATIONAL COMPETITIVE BIDDING

GENERAL

Introduction

2.01 The objective of ICB, as described in these Guidelines, is to provide all eligible prospective bidders ^{21/} with timely and adequate notification of the requirements of a Recipient of CDB Financing and an equal opportunity to bid for the required goods, works and services.

Type and Size of Contracts

2.02 The bidding documents shall clearly state the type of contract to be entered into and contain the proposed contract provisions appropriate therefor. The most common types of contracts provide for payments on the basis of a lump sum, unit prices, reimbursable cost plus fees, or combinations thereof. Reimbursable cost contracts are acceptable to CDB only in exceptional circumstances such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy. Such contracts shall include appropriate incentives to limit costs.

2.03 The size and scope of individual contracts will depend on the magnitude, nature, and location of the project. For projects requiring a variety of goods, works and services, separate contracts generally are awarded for the supply and/or installation of different items of equipment and plant ^{22/} and for the works.

2.04 For a project requiring similar but separate items of equipment or works, bids may be invited under alternative contract options that would attract the interest of both small and large firms, which could be allowed, at their option, to bid for individual contracts (slices) or for a group of similar contracts (package). All bids and combinations of bids shall be received by the same deadline and opened and evaluated simultaneously so as to determine the bid or combination of bids offering the lowest evaluated cost to the Recipient of CDB Financing. ^{23/}

^{21/} See paragraphs 1.06, 1.07, 1.08 and 1.09 and Appendix 1.

^{22/} For purposes of these Guidelines, "plant" refers to installed equipment, as in a production facility.

^{23/} See paragraphs 2.49 - 2.54 for the bid evaluation procedures.

2.05 In certain cases CDB may accept or require a turnkey contract under which the design and engineering, the supply and installation of equipment, and the construction of a complete facility or works are provided under one contract. Alternatively, the Recipient of CDB Financing may remain responsible for the design and engineering, and invite bids for a single responsibility contract for the supply and installation of all goods and works required for the project component. Design and build, and management contracting^{24/} contracts are also acceptable where appropriate.^{25/}

Two-Stage Bidding

2.06 In the case of turnkey contracts or contracts for large complex facilities or works of a special nature or complex information and communication technology,^{26/} it may be undesirable or impractical to prepare complete technical specifications in advance. In such a case, a two-stage bidding procedure may be used, under which unpriced technical proposals on the basis of a conceptual design or performance specifications are first invited, subject to technical as well as commercial clarifications and adjustments, to be followed by amended bidding documents^{27/} and the submission of final technical proposals and priced bids in the second stage.

Notification and Advertising

2.07 Timely notification of bidding opportunities is essential in competitive bidding. For projects that include ICB the Recipient of CDB Financing is required to prepare and submit to CDB a draft General Procurement Notice. CDB will arrange for its publication in United Nations Development Business online (UNDB online) and on CDB's Website.^{28/} The Notice shall contain information concerning the Recipient of CDB

^{24/} In construction, a management contractor usually does not perform the work directly but contracts out and manages the work of other contractors, taking on the full responsibility and risk for price, quality, and timely performance. Conversely, a construction manager is a consultant for, or agent of, the Recipient of CDB Financing, but does not take on such risks. (If financed by CDB, the services of the construction manager should be procured under the Consultant Procedures. See footnote 1)

^{25/} Also see paragraphs 3.13 and 3.14 for performance-based contracting.

^{26/} The Recipient of CDB Financing shall obtain CDB's concurrence as to the appropriateness of the facilities or works for a two-stage bidding procedure.

^{27/} In revising the bidding documents in the second stage the Recipient of CDB Financing should respect the confidentiality of the bidders' technical proposals used in the first stage, consistent with requirements of transparency and intellectual property rights.

^{28/} UNDB is a publication of the United Nations. Subscription information is available from: Development Business, United Nations, GCPO Box 5850, New York, NY 10163-5850, USA (Website: www.devbusiness.com; e-mail: dbsubscribe@un.org).

Financing (or prospective Recipient of CDB Financing), amount and purpose of the CDB Financing, scope of procurement under ICB, and the name, telephone (or fax) number, and address of the agency of the Recipient of CDB Financing responsible for procurement and the address of the Website where specific procurement notices will be posted. If known, the scheduled date for availability of prequalification or bidding documents should be indicated. The related prequalification or bidding documents, as the case may be, shall not be released to the public earlier than the date of publication of the General Procurement Notice.

2.08 Invitations to prequalify or to bid, as the case may be, shall be advertised as Specific Procurement Notices in at least one newspaper of national circulation in the country of the Recipient of CDB Financing (or in the official gazette, or in an electronic portal with free access). Such invitations shall also be published in UNDB online and on CDB's Website. Notification shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses.^{29/}

Prequalification of Bidders

2.09 Prequalification is usually necessary for large or complex works, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition, such as custom-designed equipment, industrial plant, specialised services, some complex information and technology and contracts to be let under turnkey, design and build, or management contracting.^{30/} This also ensures that invitations to bid are extended only to those who have adequate capabilities and resources. Prequalification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their:

- (a) experience and past performance on similar contracts;

^{29/} See paragraph 2.44.

^{30/} The Recipient of CDB Financing shall obtain CDB's concurrence where it proposes to prequalify in other circumstances.

- (b) capabilities with respect to personnel, equipment, and construction or manufacturing facilities; and
- (c) financial position.^{31/}

2.10 The invitation to prequalify for bidding on specific contracts or groups of similar contracts shall be advertised and notified as described in paragraphs 2.07 and 2.08 above. The scope of the contract and a clear statement of the requirements for qualification shall be sent to those who responded to the invitation. All such applicants that meet the specified criteria shall be allowed to bid. Recipients of CDB Financing shall inform all applicants of the results of prequalification. As soon as prequalification is completed, the bidding documents shall be made available to the qualified prospective bidders. For prequalification for groups of contracts to be awarded over a period of time, a limit for the number or total value of awards to any one bidder may be made on the basis of the bidder's resources. The list of prequalified bodies corporate or individuals in such instances shall be updated periodically. Verification of the information provided in the submission for prequalification shall be confirmed at the time of award of contract, and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully perform the contract.

BIDDING DOCUMENTS

General

2.11 The bidding documents shall furnish all information necessary for a prospective bidder to prepare a bid for the goods, works and services to be provided. While the detail and complexity of these documents may vary with the size and nature of the proposed bid package and contract, they generally include: invitation to bid; instructions to bidders; form of bid; form of contract; conditions of contract, both general and special; specifications and drawings; relevant technical data (including of geological and environmental nature); list of goods or bill of quantities; delivery time or schedule of completion; and necessary appendices, such as formats for various securities.

^{31/} CDB has prepared a Standard Prequalification Document for use by Recipients of CDB Financing, where appropriate.

The basis for bid evaluation and selection of the lowest evaluated bid shall be clearly outlined in the instructions to bidders and/or the specifications. If a fee is charged for the bidding documents, it shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders. The Recipient of CDB Financing may use an electronic system to distribute bidding documents, provided that CDB is satisfied with the adequacy of such system. If bidding documents are distributed electronically, the electronic system shall be secure to avoid modifications to the bidding documents and shall not restrict the access of Bidders to the bidding documents. Guidance on critical components of the bidding documents are given in the following paragraphs.

2.12 Recipients of CDB Financing shall use the appropriate Standard Bidding Documents (SBDs) issued by CDB with minimum changes, acceptable to CDB, as necessary to address project-specific conditions. Any such changes shall be introduced only through bid or contract data sheets, or through special conditions of contract, and not by introducing changes in the standard wording of CDB's SBDs. Where no relevant SBDs have been issued, the Recipient of CDB Financing shall use other internationally recognised standard conditions of contract and contract forms acceptable to CDB.

Validity of Bids and Bid Security

2.13 Bidders shall be required to submit bids valid for a period specified in the bidding documents which shall be sufficient to enable the Recipient of CDB Financing to complete the comparison and evaluation of bids, review the recommendation of award with CDB (if required in the Procurement Plan), and obtain all the necessary approvals so that the contract can be awarded within that period.

2.14 Recipients of CDB Financing have the option of requiring a bid security. When used, the bid security shall be in the amount and form specified in the bidding documents ^{32/} and shall remain valid for a period of

^{32/} The format of the bid security shall be in accordance with the standard bidding documents and shall be issued by a reputable bank or financial institution selected by the bidder. If the institution issuing the security is located outside the country of the Recipient of CDB Financing, it shall have a correspondent financial institution located in the country of the Recipient of CDB Financing to make it enforceable.

four (4) weeks beyond the validity period for the bids, in order to provide reasonable time for the Recipient of CDB Financing to act if the security is to be called. Bid security shall be released to unsuccessful bidders once the contract has been signed with the winning bidder. In place of a bid security, the Recipient of CDB Financing may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for a period of at least one (1) year from being eligible for bidding in any contract with the Recipient of CDB Financing.

Language

2.15 Prequalification and bidding documents and the bids shall be prepared in English. The contract signed with the winning bidder shall also be written in English. English shall govern the contractual relations between the Recipient of CDB Financing and the winning bidder.

Clarity of Bidding Documents

2.16 Bidding documents shall be so worded as to permit and encourage international competition and shall set forth clearly and precisely the work to be carried out, the location of the work, the goods to be supplied, the place of delivery or installation, the schedule for delivery or completion, minimum performance requirements, and the warranty and maintenance requirements, as well as any other pertinent terms and conditions. In addition, the bidding documents, where appropriate, shall define the tests, standards, and methods that will be employed to judge the conformity of equipment as delivered, or works as performed, with the specifications. Drawings shall be consistent with the text of the specifications, and an order of precedence between the two shall be specified.

2.17 The bidding documents shall specify any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors will be quantified or otherwise evaluated. If bids based on alternative designs, materials, completion schedules, payment terms, etc., are permitted, conditions for their acceptability and the method of their evaluation shall be expressly stated.

2.18 All prospective bidders shall be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis. Recipients of CDB Financing shall provide reasonable access to project sites for visits by prospective bidders. For works or complex supply contracts, particularly for those requiring refurbishing existing works or equipment, a pre-bid conference may be arranged whereby potential bidders may meet with the representatives of the Recipient of CDB Financing to seek clarifications (in person or online). Minutes of the conference shall be provided to all prospective bidders with a copy to CDB (in hard copy or sent electronically). Any additional information, clarification, correction of errors, or modifications of bidding documents shall be sent to each recipient of the original bidding documents in sufficient time before the deadline for receipt of bids to enable bidders to take appropriate actions. If necessary, the deadline shall be extended. CDB shall receive a copy (in hard copy format or sent electronically) and be consulted for issuing a “no objection” when the contract is subject to prior review.

Standards

2.19 Standards and technical specifications quoted in bidding documents shall promote the broadest possible competition, while assuring the critical performance or other requirements for the goods and/or works under procurement. As far as possible, the Recipient of CDB Financing shall specify internationally accepted standards such as those issued by the International Standards Organisation with which the equipment or materials or workmanship shall comply. Where such international standards are unavailable or are inappropriate, national standards may be specified. In all cases, the bidding documents shall state that equipment, material, or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted.

Use of Brand Names

2.20 Specifications shall be based on relevant characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words “or equivalent” shall

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

Pricing

2.21 Bids for goods shall be invited on the basis of Carriage and Insurance Paid (CIP)^{33/} [place of destination] for all goods manufactured abroad, including those previously imported, and ex works, ex factory, or off-the-shelf (EXW)^{34/} plus cost of inland transportation and insurance to the place of destination for goods manufactured or assembled in the country of the Recipient of CDB Financing. Bidders shall be allowed to arrange for ocean and other transportation and related insurance from any eligible source.^{35/} Where installation, commissioning, or other similar services are required to be performed by the bidder, as in the case of “supply and installation” contracts, the bidder shall be required to quote for these services, in addition.

2.22 In the case of turnkey contracts, the bidder shall be required to quote the price of the installed plant at site, including all costs for supply of equipment, marine and local transportation and insurance, installation, and commissioning, as well as associated works and all other services included in the scope of contract such as design, maintenance and operation. Unless otherwise specified in the bidding documents, the turnkey price^{36/} shall include all duties, taxes, and other levies.^{37/}

^{33/} Refer to INCOTERMS 2000 for further definitions. Published by the International Chamber of Commerce, 38 Cours Albert 1er, 75008 Paris, France. CIP is carriage and insurance paid to (named place of destination). This term may be used irrespective of the mode of transport, including multimodal transport. CIP term is for custom duties and other import taxes unpaid, payment for which is the responsibility of the Recipient of CDB Financing, either for goods previously imported or that will be imported. For previously imported goods, the quoted CIP price shall be distinguishable from the original import value of these goods declared to customs and shall include any rebate or mark-up of the local agent or representative and all local costs except import duties and taxes, which will be paid by the purchaser.

^{34/} The EXW price shall include all duties, sales, and other taxes already paid or payable for the components and raw materials used in the manufacture or assembly of the equipment, offered in the bid.

^{35/} See paragraphs 1.06, 1.07, 1.08 and 1.09 and Appendix 1.

^{36/} Goods in bids for turnkey contracts may be invited on the basis of delivered duty paid (DDP - named place of destination) and Bidders should be free to choose the best arrangement between imported goods or goods manufactured in the country of the Recipient of CDB Financing, in the preparation of their bids.

^{37/} Duties, taxes and other levies are not eligible for financing from the proceeds of CDB Financing.

2.23 Bidders for works contracts shall be required to quote unit prices or lump sum prices for the performance of the works, and such prices shall include all duties, taxes, and other levies.^{37/} Bidders shall be allowed to obtain all inputs (except for unskilled labour) from any eligible source so that they may offer their most competitive bids.

Price Adjustment

2.24 Bidding documents shall state either that:

- (a) bid prices will be fixed; or
- (b) that price adjustments will be made to reflect any changes (upwards or downwards) in major cost components of the contract, such as labour, equipment, materials, and fuel.

Price adjustment provisions are usually not necessary in simple contracts involving delivery of goods or completion of works within eighteen (18) months, but shall be included in contracts which extend beyond eighteen (18) months. However, it is normal commercial practice to obtain firm prices for some types of equipment regardless of the delivery time and, in such cases, price adjustment provisions are not needed.

2.25 Prices may be adjusted by the use of a prescribed formula (or formulae) which breaks down the total price into components that are adjusted by price indices specified for each component or, alternatively, on the basis of documentary evidence (including actual invoices) provided by the supplier or contractor. The use of the formula method of price adjustment is preferable to that of documentary evidence. The method to be used, the formula (if applicable), and the base date for application shall be clearly defined in the bidding documents. If the payment currency is different from the source of the input and corresponding index, a correction factor shall be applied in the formula, to avoid incorrect adjustment.

Transportation and Insurance

2.26 Bidding documents shall permit suppliers and contractors to arrange transportation and insurance from any eligible source and other countries approved

by CDB. Bidding documents shall state the types and terms of insurance to be provided by the bidder. The indemnity payable under transportation insurance shall be at least 110 percent of the contract amount in the currency of the contract or in a freely convertible currency to enable prompt replacement of lost or damaged goods. For works, a contractor's All Risk form of policy usually shall be specified. For large projects^{38/} with several contractors on a site, a "wrap-up" or total project insurance arrangement may be obtained by the Recipient of CDB Financing, in which case the Recipient of CDB Financing shall seek competition for such insurance.

2.27 As an exception, if a Recipient of CDB Financing wishes to reserve transportation and insurance for the import of goods to national companies or other designated sources, bidders shall be asked to quote free carrier (FCA) [named place] or carriage paid to (CPT)^{39/} [named place of destination] prices in addition to the CIP (place of destination) price specified in paragraph 2.21. Selection of the lowest evaluated bid shall be on the basis of the CIP (place of destination) price, but the Recipient of CDB Financing may sign the contract on FCA or CPT terms and make its own arrangement for transportation and/or insurance. Under such circumstances, the contract shall be limited to the FCA or CPT cost and the Recipient of CDB Financing shall submit evidence, satisfactory to CDB, of the arrangements for transportation and insurance and the cost of such arrangements shall be for its own account.

Currency Provisions

2.28 Bidding documents shall state the currency or currencies in which bidders are to state their prices, the procedure for conversion of prices expressed in different currencies into a single currency for the purpose of comparing bids, and the currencies in which the contract price will be paid. The following provisions (paragraphs 2.29 – 2.33) are intended to:

- (a) ensure that bidders have the opportunity to minimise any exchange risk with regard

^{38/} CDB's concurrence shall be obtained in the determination of what contracts are large contracts.

^{39/} Refer to INCOTERMS 2000 for FCA (named place) and for CPT (named place of destination), respectively.

to the currency of bid and of payment, and hence may offer their best prices;

(b) give bidders in countries with weak currencies the option to use a stronger currency and thus provide a firmer basis for their bid price; and

(c) ensure fairness and transparency in the evaluation process.

Currency of Bid

2.29 CDB requires that the cost of goods and services to be financed under the proceeds of a Bank Financing be paid in the currencies of the countries from which such goods and services are acquired unless otherwise agreed by CDB. The bidding documents shall therefore contain appropriate payment provisions to comply with this requirement.

2.30 Whenever expenditures in both local currency and foreign currencies are involved, the bidding documents shall require that the amounts of these expenditures be shown separately, in so far as is practicable.

Currency Conversion for Bid Comparison

2.31 For comparison purposes, all bids shall be expressed in the currency of the country where the project is to be undertaken and shall state the rate of exchange used for conversion. The exchange rates used shall be the selling rate as determined by the Central Bank or other monetary authority for the country of the Recipient of CDB Financing on the date twenty-eight (28) days prior to the latest date for the submission of tenders, unless otherwise specified by the Financing Agreement.

Currency of Payment

2.32 Payment of the contract price shall be made in the currency or currencies in which the bid price is expressed in the bid of the successful bidder.

2.33 When the bid price is required to be stated in the local currency but the bidder has requested payment in foreign currencies expressed as a percentage of the bid price, the exchange rates to be used for purposes

of payments shall be those specified by the bidder in the bid, so as to ensure that the value of the foreign currency portions of the bid is maintained without any loss or gain.

Terms and Methods of Payment

2.34 Payment terms shall be in accordance with the international commercial practices applicable to the specific goods, works and services, and:

- (a) Contracts for supply of goods shall provide for full payment on the delivery and inspection, if so required, of the contracted goods except for contracts involving installation and commissioning, in which case a portion of the payment may be made after the supplier has complied with all its obligations under the contract. The use of letters of credit is encouraged so as to assure prompt payment to the supplier. In major contracts for equipment and plant, provision shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly; and
- (b) Contracts for works shall provide in appropriate cases for mobilisation advances, advances on contractor's equipment and materials, regular progress payments, and reasonable retention amounts to be released upon compliance with the contractor's obligations under contract.

2.35 Any advance payment for mobilisation and similar expenses, made upon signature of a contract for goods or works, shall be related to the estimated amount of these expenses and be specified in the bidding documents. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the works, shall also be specified. The bidding documents shall specify the arrangements for any security required for advance payments.

2.36 Bidding documents shall specify the payment method and terms offered, whether alternative payment

methods and terms will be allowed and, if so, how the terms will affect bid evaluation.

Alternative Bids

2.37 The bidding documents shall clearly indicate when bidders are allowed to submit alternative bids, how alternative bids should be submitted, how bid prices should be offered and the basis on which alternative bids shall be evaluated.

Conditions of Contract

2.38 The contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the Recipient of CDB Financing and of the supplier or contractor, and the functions and authority of the engineer, architect, or construction manager, if one is employed by the Recipient of CDB Financing, in the supervision and administration of the contract. In addition to the general conditions of contract, any special conditions particular to the specific goods or works to be procured and the location of the project shall be included. The conditions of contract shall provide a balanced allocation of risks and liabilities.

Performance Security

2.39 Bidding documents for works shall require security in an amount sufficient to protect the Recipient of CDB Financing in case of breach of contract by the contractor. This security shall be provided in an appropriate form and amount, as specified by the Recipient of CDB Financing in the bidding document.

^{40/} The amount of the security may vary, depending on the type of security furnished and on the nature and magnitude of the works. A portion of this security shall extend sufficiently beyond the date of completion of the works to cover the defects liability or maintenance period up to final acceptance by the Recipient of CDB Financing; alternatively, contracts may provide for a percentage of each periodic payment to be held as retention money until final acceptance. Contractors may be allowed to replace retention money with an equivalent security after provisional acceptance.

^{40/} The format of the performance security shall be in accordance with the standard bidding documents and shall be issued by a reputable bank or financial institution selected by the bidder. If the institution issuing the security is located outside the country of the Recipient of CDB Financing, it shall have a correspondent financial institution located in the country of Recipient of CDB Financing to make it enforceable.

2.40 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. Suppliers or manufacturers may be required to provide a guarantee to protect against nonperformance of the contract. Such security in an appropriate amount may also cover warranty obligations or, alternatively, a percentage of the payments may be held as retention money to cover warranty obligations, and any installation or commissioning requirements. The security or retention money shall be reasonable in amount.

Liquidated Damages and Bonus Clauses

2.41 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 or works to meet performance requirements would result in extra cost, or loss of revenue or loss of other benefits to the Recipient of CDB Financing. Provision may also be made for a bonus to be paid to suppliers or contractors for completion of works or delivery of goods ahead of the times specified in the contract when such earlier completion or delivery would be of benefit to the Recipient of CDB Financing.

Force Majeure

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

Applicable Law and Settlement of Disputes

2.43 The conditions of contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes. International commercial arbitration has practical advantages over other methods for the settlement of disputes. Therefore, CDB recommends that Recipients of CDB Financing use this type of arbitration in contracts for the procurement of goods, works and services. CDB shall not be named arbitrator or be asked to name an arbitrator. In case of works contracts, supply and installation contracts, and turnkey contracts, the dispute settlement provision

shall also include mechanisms such as dispute review boards or adjudicators, which are designed to permit a speedier dispute settlement.

BID OPENING, EVALUATION, AND AWARD OF CONTRACT

Time for Preparation of Bids

2.44 The time allowed for the preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project and the magnitude and complexity of the contract. Generally, not less than six (6) weeks from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, shall be allowed for ICB. Where large works or complex items of equipment are involved, this period shall generally be not less than twelve (12) weeks to enable prospective bidders to conduct investigations before submitting their bids.^{41/} In such cases, the Recipient of CDB Financing is encouraged to convene pre-bid conferences and arrange site visits. Bidders shall be permitted to submit bids by mail or by hand. Recipients of CDB Financing may also use electronic systems permitting bidders to submit bids by electronic means, provided CDB is satisfied with the adequacy of the system, including, inter alia, that the system is secure, maintains the confidentiality and authenticity of bids submitted, uses an electronic signature system or equivalent to keep bidders bound to their bids, and only allows bids to be opened with due simultaneous electronic authorisation of the bidder and the Recipient of CDB Financing. In this case, bidders shall continue to have the option to submit their bids in hard copy. The deadline and place for receipt of bids shall be specified in the invitation to bid.

Bid Opening Procedures

2.45 The time for the bid opening shall be the same as for the deadline for receipt of bids or promptly^{42/} thereafter, and shall be announced, together with the place for bid opening, in the invitation to bid. The Recipient of CDB Financing shall open all bids at the stipulated time and place. Bids shall be opened in public

^{41/} CDB's concurrence in the determination of what are large works or complex items of equipment and with the proposed period shall be obtained.

^{42/} To allow sufficient time to take the bids to the place announced for public bid opening.

and bidders or their representatives shall be allowed to be present (in person or online, when electronic bidding is used). The name of the bidder and total amount of each bid, and of any alternative bids if they have been requested or permitted, shall be read aloud (and posted online when electronic bidding is used) and recorded when opened and a copy of this record shall be promptly sent to CDB and to all bidders who submitted bids in time. Bids received after the time stipulated, as well as those not opened and read out at bid opening, shall not be considered.

Clarifications or Alterations of Bids

2.46 Except as otherwise provided in paragraphs 2.63 and 2.64 of these Guidelines, bidders shall not be requested or permitted to alter their bids after the deadline for receipt of bids. The Recipient of CDB Financing shall ask bidders for clarification needed to evaluate their bids but shall not ask or permit bidders to change the substance or price of their bids after the bid opening. Requests for clarification and the bidders' responses shall be made in writing, in hard copy or by an electronic system satisfactory to CDB.^{43/}

Confidentiality

2.47 Except as required by law, after the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award.

Examination of Bids

2.48 The Recipient of CDB Financing shall ascertain whether the bids:

- (a) meet the eligibility requirements specified in paragraphs 1.06, 1.07, 1.08 and 1.09 of these Guidelines;
- (b) have been properly signed;
- (c) are accompanied by the required securities or required declaration signed as specified in paragraph 2.14 of these Guidelines;

^{43/} See paragraph 2.44.

(d) are substantially responsive to the bidding documents; and

(e) are otherwise generally in order.

If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding documents, it shall not be considered further. The bidder shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened.^{44/}

Evaluation and Comparison of Bids

2.49 The purpose of bid evaluation is to determine the cost to the Recipient of CDB Financing of each bid in a manner that permits a comparison on the basis of their evaluated cost. Subject to paragraph 2.58, the bid with the lowest evaluated cost,^{45/} but not necessarily the lowest submitted price, shall be selected for award.

2.50 The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors. Also, for the purpose of evaluation, adjustments shall be made for any quantifiable non-material deviations or reservations. Price adjustment provisions applying to the period of implementation of the contract shall not be taken into account in the evaluation.

2.51 The evaluation and comparison of bids shall be on CIP (place of destination) prices for the supply of imported goods^{46/} and EXW prices, plus cost of inland transportation and insurance to the place of destination, for goods manufactured within the country of the Recipient of CDB Financing, together with prices for any required installation, training, commissioning, and other similar services.^{47/}

^{44/} See paragraph 2.50 regarding corrections.

^{45/} See paragraph 2.52.

^{46/} Recipients of CDB Financing may ask for prices on a Cost, Insurance and Freight (CIF) basis (and bids compared on that same basis) only when the goods are carried by sea and the goods are not containerised. CIF shall not be used for anything other than sea transport. In the case of manufactured goods, it is unlikely that the choice of CIF will be appropriate, because these goods are usually containerised. CIP can be used for any mode of transport, including sea and multimodal transport.

^{47/} The evaluation of bids shall not take into account: (a) customs duties and other taxes levied on imported goods quoted CIP (which are excluded of custom duties); and (b) sales and similar taxes levied in connection with the sale or delivery of the goods.

2.52 Bidding documents shall also specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. For goods and equipment, other factors may be taken into consideration including, among others, payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of service and spare parts, and related training, safety, and environmental benefits. The factors other than price to be used for determining the lowest evaluated bid shall, to the extent practicable, be expressed in monetary terms, or given a relative weight in the evaluation provisions in the bidding documents.

2.53 Under works and turnkey contracts, contractors are responsible for all duties, taxes, and other levies,^{48/} and bidders shall take these factors into account in preparing their bids. The evaluation and comparison of bids shall be on this basis. Bid evaluation for works shall be strictly in monetary terms. Any procedure, under which bids above or below a predetermined assessment of bid values are automatically disqualified, is not acceptable. If time is a critical factor, the value of early completion to the Recipient of CDB Financing may be taken into account according to criteria presented in the bidding documents, only if the conditions of contract provide for commensurate penalties for non-compliance.

2.54 The Recipient of CDB Financing shall prepare and submit to CDB a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract.

Regional Preferences

2.55 At the request of the Recipient of CDB Financing, and on conditions to be agreed and set forth in the Financing Agreement and in the bidding documents, a margin of preference may be provided in the evaluation of bids for:

- (a) goods manufactured in the Commonwealth Caribbean member countries of CDB and other regional member countries of CDB when comparing bids offering such goods

^{48/} Unless bidding documents specify otherwise for some turnkey contracts (see paragraph 2.22).

with those offering goods manufactured in other eligible countries; and

- (b) contractors for civil works from Commonwealth Caribbean member countries of CDB which are not resident in the country of the Recipient of CDB Financing when comparing bids from such contractors with bids from contractors from other eligible countries.^{49/}

2.56 Where preference for regionally manufactured goods or for contractors from Commonwealth Caribbean member countries of CDB is allowed, the methods and stages set forth in Appendix 3 to these Guidelines shall be followed in the evaluation and comparison of bids.

Extension of Validity of Bids

2.57 Recipients of CDB Financing shall complete evaluation of bids and award of contract within the initial period of bid validity so that extensions are not necessary. An extension of bid validity, if justified by exceptional circumstances, shall be requested in writing from all bidders before the expiration date. The extension shall be for the minimum period required to complete the evaluation, obtain the necessary approvals, and award the contract. In the case of fixed price contracts, requests for second and subsequent extensions will be permissible only if the request for extension provides for an appropriate adjustment mechanism of the quoted price to reflect changes in the cost of inputs for the contract over the period of extension. Whenever an extension of bid validity period is requested, bidders shall not be requested or be permitted to change the quoted (base) price or other conditions of their bid. Bidders shall have the right to refuse to grant such an extension. If the bidding documents require a bid security, bidders may exercise their right to refuse to grant such an extension without forfeiting their bid security, but those who are willing to extend the validity of their bid shall be required to provide a suitable extension of bid security.

Post-qualification of Bidders

2.58 If bidders have not been prequalified, the Recipient of CDB Financing shall determine whether

^{49/} See paragraphs 1.06, 1.07, 1.08 and 1.09 and Appendix 1.

the bidder whose bid has been determined to offer the lowest evaluated cost has the capability and resources to effectively carry out the contract as offered in the bid. The criteria to be met shall be set out in the bidding documents, and if the bidder does not meet them, the bid shall be rejected. In such an event, the Recipient of CDB Financing shall make a similar determination for the next-lowest evaluated bidder and, if necessary, the subsequent lowest evaluated bidder or bidders, until a bidder meets the criteria set out in the bidding documents.

Award of Contract

2.59 The Recipient of CDB Financing shall award the contract, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined to:

- (a) be substantially responsive to the bidding documents; and
- (b) offer the lowest evaluated cost.^{50/}

A bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

Publication of the Award of Contract

2.60 Within two weeks of receiving CDB's "no objection" to the recommendation of contract award, the Recipient of CDB Financing shall submit for publication on CDB's website the results identifying the bid and lot numbers and the following information:

- (a) name of each bidder who submitted a bid;
- (b) bid prices as read out at bid opening;
- (c) name and evaluated prices of each bid that was evaluated;
- (d) name of bidders whose bids were rejected and the reasons for their rejection; and

^{50/} Referred to as "lowest evaluated bidder" and "lowest evaluated bid," respectively.

- (e) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.

Rejection of All Bids

2.61 Bidding documents shall provide that Recipients of CDB Financing may reject all bids. Rejection of all bids is justified when there is lack of effective competition, or bids are not substantially responsive or when bid prices are substantially higher than existing budget. Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one bid is submitted, the bidding process may be considered valid, if the bid was satisfactorily advertised and prices are reasonable in comparison to market values. Recipients of CDB Financing may, after CDB's prior approval, reject all bids. If all bids are rejected, the Recipient of CDB Financing shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.

2.62 If the rejection of all bids is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the bids being nonresponsive, new bids may be invited from the initially prequalified bodies corporate, or with the agreement of CDB from only those that submitted bids in the first instance.

2.63 All bids shall not be rejected and new bids invited on the same bidding and contract documents solely for the purpose of obtaining lower prices. If the lowest evaluated responsive bid exceeds the pre-bid cost estimates of the Recipient of CDB Financing by a substantial margin, the Recipient of CDB Financing shall investigate causes for the excessive cost and consider requesting new bids as described in the previous paragraphs. Alternatively, the Recipient of CDB Financing may negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility which can be reflected in a reduction of the contract price. However, substantial reduction in the scope or modification to the contract documents may require rebidding.

2.64 CDB's prior approval shall be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the lowest evaluated bidder.

Debriefing

2.65 In the publication of Contract Award referred to in paragraph 2.60, the Recipient of CDB Financing shall specify that any bidder who wishes to ascertain the grounds on which its bid was not selected, should request an explanation from the Recipient of CDB Financing. The Recipient of CDB Financing shall promptly provide an explanation of why such bid was not selected, either in writing and/or in a debriefing meeting, at the option of the Recipient of CDB Financing. The requesting bidder shall bear all the costs of attending such a debriefing.

3. OTHER METHODS OF PROCUREMENT

GENERAL

3.01 This Section describes the methods of procurement that can be used where ICB would not be the most economic and efficient method of procurement, and where other methods are deemed more appropriate.

^{51/} CDB's policies with respect to margins of preference for regionally manufactured goods and works contracts from Commonwealth Caribbean member countries of CDB do not apply to methods of procurement other than ICB. Paragraphs 3.02 to 3.08 describe the generally used methods in descending order of preference and the remaining paragraphs the methods used in specific circumstances.

LIMITED INTERNATIONAL BIDDING

3.02 Limited International Bidding (LIB) is essentially ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where:

- (a) there is only a limited number of suppliers;
or
- (b) other exceptional reasons may justify departure from full ICB procedures.

Under LIB, Recipient of CDB Financing shall seek bids from a list of potential suppliers broad enough to assure competitive prices, such list to include all suppliers when there are only a limited number. Regional preferences are not applicable in the evaluation of bids under LIB. In all respects other than advertisement and preferences, ICB procedures shall apply, including the publication of the Award of Contract as provided for in paragraph 2.60.

REGIONAL COMPETITIVE BIDDING

3.03 Regional Competitive Bidding is competitive bidding from within the Region by direct invitation without open advertisement. It may be an appropriate method of procurement where:

^{51/} Contracts shall not be divided into smaller units in order to make them less attractive for ICB procedures; any proposal to divide a contract into smaller packages shall require the prior approval of CDB.

- (a) bidders from outside of the Region are not expected to be interested because the contract values are below a threshold determined by CDB, but above the threshold for National Competitive Bidding (NCB) as determined by CDB under paragraph 3.04.; or
- (b) the advantages of ICB are clearly outweighed by the administrative or financial burden involved.

In all respects other than advertisement and preferences, ICB procedures shall apply, including the publication of the award as provided for in paragraph 2.60.

NATIONAL COMPETITIVE BIDDING

3.04 NCB is the competitive bidding procedure normally used for public procurement in the country of the Recipient of CDB Financing, and may be the most appropriate way of procuring goods or works which, by their nature or scope, are unlikely to attract foreign competition . To be acceptable for use in CDB-financed procurement, these procedures shall be reviewed and modified ^{52/} as necessary to assure economy, efficiency, transparency, and broad consistency with the provisions included in Section I of these Guidelines. NCB may be the most appropriate method of procurement where foreign bidders are not expected to be interested because:

- (a) the contract values are below a threshold determined by CDB;
- (b) works are scattered geographically or spread over time;
- (c) works are labour intensive; or
- (d) the goods or works are available locally at prices below the international market.

NCB procedures may also be used where the advantages of ICB are clearly outweighed by the administrative or financial burden involved.

^{52/} Any such modification shall be reflected in the Financing Agreement.

3.05 Advertising may be limited to the national press or official gazette or a free and open access website. Bidding documents shall be in English and the currency of the country of the Recipient of CDB Financing is generally used for the purposes of bidding and payment. In addition, the bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission of bids. Adequate response time for preparation and submission of bids shall be provided. The procedures shall provide for adequate competition in order to ensure reasonable prices, and methods used in the evaluation of bids and the award of contracts shall be objective and made known to all bidders in the bidding documents and not be applied arbitrarily. The procedures shall also include public opening of bids, publication of results of evaluation and of the award of contract and provisions for bidders to protest. If foreign bodies corporate or individuals wish to participate under these circumstances, they shall be allowed to do so.

SHOPPING

3.06 Shopping is a procurement method based on comparing price quotations obtained from several suppliers (in the case of goods) or from several contractors (in the case of civil works), with a minimum of three (3), to assure competitive prices, and is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities of small value,^{53/} or simple civil works of small value. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, as well as desired delivery (or completion) time and place. Quotations may be submitted by letter, facsimile or by electronic means. The evaluation of quotations shall follow the same principles as of open bidding. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

DIRECT CONTRACTING

3.07 Direct contracting is contracting without competition (single source) and may be an appropriate method under the following circumstances:

^{53/} CDB shall determine from time to time the thresholds for shopping.

- (a) An existing contract for goods or works, awarded in accordance with procedures acceptable to CDB, may be extended for additional goods or works of a similar nature. CDB shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract.
- (b) Standardisation of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to CDB.
- (c) The required equipment is proprietary and obtainable only from one source.
- (d) The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee.
- (e) Purchases of goods off-the-shelf in any eligible country for a project where the price per unit of such goods does not exceed USD7,500. In such cases, goods may be of any origin (including ineligible countries) and the total amount for such purchases shall not exceed USD50,000.
- (f) Used equipment estimated to cost up to USD150,000 and used ships estimated to cost up to USD300,000 procured in accordance with procedures approved by CDB.
- (g) In exceptional cases, such as in response to natural disasters.

3.08 After the contract signature, the Recipient of CDB Financing shall submit to CDB for publication on CDB's Website the name of the contractor, price, duration, and summary scope of the contract. This publication may be done quarterly and in the format of a summarised table covering the previous period.

FORCE ACCOUNT

3.09 Force account, that is, construction by the use of the personnel and equipment of the Recipient of CDB Financing,^{54/} may be the only practical method for constructing some kinds of works. The use of force account may be justified where:

- (a) quantities of work involved cannot be defined in advance;
- (b) works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices;
- (c) work is required to be carried out without disrupting ongoing operations;
- (d) risks of unavoidable work interruption are better borne by the Recipient of CDB Financing than by a contractor; and
- (e) there are emergencies needing prompt attention.

PROCUREMENT FROM UN AGENCIES

3.10 There may be situations in which procurement directly from specialised agencies of UN, acting as suppliers, pursuant to their own procedures, may be the most appropriate way of procuring:

- (a) small quantities of off-the-shelf goods, primarily in the fields of education and health; and
- (b) specialised products where the number of suppliers is limited such as for vaccines or drugs.

^{54/} A government-owned construction unit that is not managerially and financially autonomous shall be considered a force account unit. "Force account" is otherwise known as "direct labour," "departmental forces," or "direct work."

PROCUREMENT AGENTS

3.11 Where Recipients of CDB Financing lack the necessary organisation, resources, and experience, they may wish (or be required by CDB) to employ, as their agent, a body corporate specialising in handling procurement. The agent shall follow all the procurement procedures provided for in the Financing Agreement and as further elaborated in the Procurement Plan approved by CDB on behalf of the Recipient of CDB Financing, including use of CDB's SBDs, review procedures, and documentation. This also applies in cases where UN agencies act as procurement agents.

^{55/} Management contractors may be employed in a similar manner for a fee to contract for miscellaneous works involving reconstruction, repairs, rehabilitation, and new construction in emergency situations, or where large numbers of small contracts are involved.

PROCUREMENT IN LOANS TO FINANCIAL INTERMEDIARIES

3.12 Where CDB Financing is provided to an intermediary institution such as an agricultural and/or industrial credit institution, a commercial bank or a development finance company, to be re-lent to beneficiaries such as individuals, private sector enterprises, small and medium enterprises, or autonomous commercial enterprises in the public sector for the partial financing of subprojects, the procurement is usually undertaken by the respective beneficiaries in accordance with established private sector or commercial practices, which are acceptable to CDB. However, even in these situations, ICB may be the most appropriate procurement method for the purchase of large single items ^{56/} or in cases where large quantities of like goods can be grouped together for bulk purchasing.

^{55/} The Consultant Procedures shall apply for the selection of procurement and inspection agents. The cost or fee of the procurement or inspection agent is eligible for financing from CDB Financing, if so provided in the Financing Agreement and in the Procurement Plan, and provided the terms and conditions of selection and employment are acceptable to CDB.

^{56/} CDB shall determine from time to time the thresholds to be used.

PROCUREMENT UNDER BOO/BOT/BOOT, CONCESSIONS AND SIMILAR PRIVATE SECTOR ARRANGEMENTS

3.13 Where CDB is participating in financing the cost of a project procured under a BOO/BOT/ BOOT, ^{57/} concessions or similar type of private sector arrangement, either of the following procurement procedures shall be used, as provided for in the Financing Agreement and further elaborated in the Procurement Plan approved by CDB:

- (a) The concessionaire or entrepreneur under the BOO/BOT/BOOT or similar type of contract ^{58/} shall be selected under ICB procedures acceptable to CDB, which may include several stages in order to arrive at the optimal combination of evaluation criteria, such as the cost and magnitude of the financing offered, the performance specifications of the facilities offered, the cost charged to the user or purchaser, other income generated for the Recipient of CDB Financing or purchaser by the facility, and the period of the facility's depreciation. The said entrepreneur selected in this manner shall then be free to procure the goods, works, and services required for the facility from eligible countries, using its own procedures. In this case, the Appraisal Report for the project, and the Financing Agreement shall specify the type of expenditures incurred by the said entrepreneur towards which CDB Financing will apply; or
- (b) If the said concessionaire or entrepreneur has not been selected in the manner set forth in sub-paragraph (a) above, the goods, works, or services required for the facility and to be financed by CDB shall be procured in accordance with ICB procedures defined in Section 2.

^{57/} BOO: Build, Own, Operate; BOT: Build, Operate, Transfer; BOOT: Build, Own, Operate, Transfer.

^{58/} For projects such as toll roads, tunnels, harbours, bridges, power stations, waste disposal plants, and water distribution systems.

PERFORMANCE-BASED PROCUREMENT

3.14 Performance-Based Procurement, ^{59/} also called Output-Based Procurement (OBP), refers to competitive procurement processes (ICB or LIB) resulting in a contractual relationship where payments are made for measured outputs instead of the traditional way where inputs are measured. The technical specifications define the desired result and which outputs will be measured including how they will be measured. Those outputs aim at satisfying a functional need 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 bidding documents do not normally prescribe the inputs, nor a work method for the contractor. 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 bidding documents will be achieved.

3.15 Performance-Based Procurement (or OBP) can involve:

- (a) the provision of services to be paid on the basis of outputs;
- (b) design, supply, construction (or rehabilitation) and commissioning of a facility to be operated by the Recipient of CDB Financing; or
- (c) design, supply, construction (or rehabilitation) of a facility and provision of services for its operation and maintenance for a defined period of years after its commissioning. ^{60/} For the cases where design, supply and/or construction are

^{59/} The use of Performance-Based Procurement in CDB financed projects should be the result of the satisfactory technical analysis of the different options available and should be either included in the Appraisal Report for the project or subject to prior approval by CDB for incorporation into the procurement plan.

^{60/} Examples of such type of procurement are: (a) for the case of procurement of services: provision of medical services, i.e. payments for specific services, like office visits, or defined laboratory tests, etc.; (b) for the case of procurement of a facility: Design, Procurement, Construction, and Commissioning of a thermal power plant to be operated by the Recipient of CDB Financing; (c) for the case of procurement of a facility and services: Design, Procurement, Construction (or Rehabilitation) of a road and operation and maintenance of the road for five (5) years after construction.

required, prequalification is normally required and the use of Two-Stage Bidding as indicated in paragraph 2.06 shall apply.

PROCUREMENT UNDER LOANS GUARANTEED BY CDB

3.16 If CDB guarantees the repayment of a loan made by another lender, the goods, works and services financed by the said loan shall be procured with due attention to economy and efficiency and in accordance with procedures which meet the requirements of paragraph 1.05.

COMMUNITY PARTICIPATION IN PROCUREMENT

3.17 Where, in the interest of project sustainability, or to achieve certain specific social objectives of the project, it is desirable in selected project components to:

- (a) call for the participation of local communities and/or non-governmental organisations in the delivery of services;
- (b) increase the utilisation of local know-how and materials; or
- (c) employ labour-intensive and other appropriate technologies.

the procurement procedures, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided these are efficient and are acceptable to CDB. The procedures proposed and the project components to be carried out by community participation shall be outlined in the Financing Agreement and further elaborated in the Procurement Plan or the relevant project implementation document approved by CDB.

APPENDIX 1

MEMBERS OF THE BANK

REGIONAL MEMBERS

Commonwealth Caribbean Members

1. Anguilla
2. Antigua and Barbuda
3. Bahamas, The
4. Barbados
5. Belize
6. British Virgin Islands
7. Cayman Islands
8. Dominica – Commonwealth of
9. Grenada
10. Guyana – Co-operative Republic of
11. Jamaica
12. Montserrat
13. Saint Kitts and Nevis
14. Saint Lucia
15. Saint Vincent and the Grenadines
16. Trinidad and Tobago – Republic of
17. Turks and Caicos Islands

Other Regional Members

1. Colombia
2. Mexico
3. Venezuela

NON-REGIONAL MEMBERS

1. Canada
2. China, People's Republic of
3. Germany
4. Italy
5. United Kingdom

APPENDIX 2

REVIEW BY CDB OF PROCUREMENT DECISIONS

SCHEDULING OF PROCUREMENT

1. CDB shall review the procurement arrangements proposed by the Recipient of CDB Financing in the Procurement Plan for its conformity with the Financing Agreement and these Guidelines. The Procurement Plan shall cover an initial period of at least eighteen (18) months. The Recipient of CDB Financing shall update the Procurement Plan on an annual basis or as needed always covering the next eighteen (18) months period of project implementation. Any revisions proposed to the Procurement Plan shall be furnished to CDB for its prior approval.

PRIOR REVIEW

2. With respect to all contracts ^{61/} which are subject to the CDB's prior review:

- (a) In cases where prequalification is used, the Recipient of CDB Financing shall, before prequalification submissions are invited, furnish CDB with the draft documents to be used, including the text of the invitation to prequalify, the prequalification questionnaire, and the evaluation methodology, together with a description of the advertising procedures to be followed, and shall introduce such modifications in said procedure and documents, as CDB shall reasonably request. The report evaluating the applications received by the Recipient of CDB Financing, the list of proposed prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Recipient of CDB Financing to CDB

^{61/} For contracts procured on the basis of direct contracting under paragraphs 3.07 and 3.08, the Recipient of CDB Financing shall furnish to CDB for its approval, prior to contract execution, a copy of the specifications and the draft contract. The contract shall be executed only after CDB has given its approval, and the provisions in (h) of this paragraph shall apply with respect to the executed contract.

for its comments before the applicants are notified of the decision of the Recipient of CDB Financing, and the Recipient of CDB Financing shall make such additions to, deletions from, or modifications in the said list as CDB shall reasonably request.

(b) Before bids are invited, the Recipient of CDB Financing shall furnish to CDB for its comments, draft bidding documents, including the invitation to bid; instructions to bidders, including the basis of bid evaluation and contract award; and the conditions of contract and specifications for the civil works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding (if prequalification has not been used), and shall make such modifications in the said documents as CDB shall reasonably request. Any further modification shall require the CDB's approval before it is issued to the prospective bidders.

(c) After bids have been received and evaluated, the Recipient of CDB Financing shall, before a final decision on the award is made, furnish to CDB, in sufficient time for its review, a detailed report (prepared, if CDB shall so request, by experts acceptable to CDB), on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as CDB shall reasonably request. CDB shall, if it determines that the intended award would be inconsistent with the Financing Agreement and/or the Procurement Plan, promptly inform the Recipient of CDB Financing and state the reasons for such determination. Otherwise, CDB shall provide its no objection to the recommendation for contract award. The Recipient of CDB Financing shall award the contract only after receiving the "no objection" from CDB.

(d) If the Recipient of CDB Financing requires

an extension of bid validity to complete the process of evaluation, obtain necessary approvals and clearances, and to make the award, it should seek CDB's prior approval for the first request for extension, if it is longer than four (4) weeks, and for all subsequent requests for extension, irrespective of the period.

- (e) If after publication of the results of evaluation, the Recipient of CDB Financing receives protests or complaints from bidders, a copy of the complaint and a copy of the response of the Recipient of CDB Financing shall be sent to CDB for information.
- (f) If as a result of analysis of a protest the Recipient of CDB Financing changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to CDB for no objection. The recipient shall provide a republication of the contract award in the format of paragraph 2.60 of these Guidelines.
- (g) The terms and conditions of a contract shall not, without the CDB's prior approval, materially differ from those on which bids were asked or prequalification of contractors, if any, was invited.
- (h) One conformed copy of the contract shall be furnished to CDB promptly after its execution and prior to delivery to CDB of the first application for withdrawal of funds from the Loan or Grant Account in respect of such contract. Where payments for the contract are to be made out of a Special Account (SA), a copy of the contract shall be furnished to CDB prior to the making of the first payment out of the SA in respect of such contract.
- (i) All evaluation reports shall be accompanied by a summary of the procurement on a form provided by CDB. The description and amount of the contract, together with the name and address of the successful

bidder, may be published by CDB upon receipt of the signed copy of the contract.

Modifications

3. In the case of contracts subject to prior review, before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change order or orders under such contract (except in cases of extreme urgency) which would in aggregate increase the original amount of the contract by more than fifteen (15) percent of the original price, the Recipient of CDB Financing shall seek CDB's "no objection" to the proposed extension, modification, or change order. If CDB determines that the proposal would be inconsistent with the provisions of the Financing Agreement and/or Procurement Plan, it shall promptly inform the Recipient of CDB Financing and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to CDB for its record.

POST REVIEW

4. The Recipient of CDB Financing shall retain all documentation with respect to each contract not governed by paragraph 2 during project implementation and up to two (2) years after the closing date under the Financing Agreement. This documentation would include, but not be limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award, for examination by CDB or by its consultants. The Recipient of CDB Financing shall also furnish such documentation to CDB upon request. If CDB determines that the goods, works or services were not procured in accordance with the agreed procedures, as reflected in the Financing Agreement and further detailed in the Procurement Plan approved by CDB or that the contract itself is not consistent with such procedures, it may declare misprocurement as established in paragraph 1.13 of these Guidelines. CDB shall promptly inform the Recipient of CDB Financing of the reasons for such determination.

APPENDIX 3

REGIONAL PREFERENCES

PREFERENCE FOR REGIONALLY MANUFACTURED GOODS

1. The Recipient of CDB Financing may, with the agreement of CDB, grant a margin of preference in the evaluation of bids under ICB procedures to bids offering goods manufactured in the Region when compared to bids offering such goods manufactured elsewhere. In such cases, bidding documents shall clearly indicate any preference to be granted to regionally manufactured goods and the information required to establish the eligibility of a bid for such preference.
2. CDB may permit a margin of preference of 15% or the actual import taxes, levies and duties, whichever is less, for goods manufactured in Commonwealth Caribbean member countries of CDB, when comparing bids from those countries with bids from other countries. For goods manufactured in other regional member countries of CDB, a margin of preference of 7.5% may be permitted. In the case of goods manufactured in Commonwealth Caribbean member countries of CDB, the preference shall apply only to manufactured goods accepted by CDB as eligible for area tariff treatment under Article 14 of the Annex to the Treaty establishing the Caribbean Community. The production facility in which goods in question will be manufactured or assembled must be engaged in manufacturing or assembling such goods at least since the time of bid submission.
3. The price quoted for goods in bids shall include all duties and taxes paid or payable on the basic materials or components purchased in the respective markets or imported, but shall exclude the sales and similar taxes on the finished product
4. All evaluated bids shall be compared to determine the lowest evaluated bid and the lowest evaluated bid shall be selected for the award.
5. In the case of single responsibility or turnkey contracts for the supply of a number of discrete items of equipment, as well as major installation and/or construction services, no margin of preference shall

apply.^{62/} However, with CDB's "no objection", bids for such contracts may be invited and evaluated on the basis of DDP^{63/} (named place of destination) prices for goods manufactured abroad.

^{62/} This does not refer to the supply of goods with supervision of installation in the same contract which is considered a contract for the supply of goods, and therefore eligible for the application of regional preference in the goods component.

^{63/} DDP is the INCOTERM which stands for "Delivered Duty Paid" where the seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods thereto including, where applicable, any duty for import in the country of destination, and unloading at final destination as part of the turnkey contract. In countries that exempt bidders from duties and taxes on imports under contracts financed by CDB, comparison shall be made on the basis of non-exemption of duties and taxes on importation of goods manufactured abroad and the bidding documents may indicate that, before contract signature, the purchaser and the winning bidder will identify the amount of taxes payable for importation of the goods offered resulting from that exemption. However, the contract amount to be signed will not include the identified total amount of exempted duties and taxes

APPENDIX 3

PREFERENCE FOR COMMONWEALTH CARIBBEAN CONTRACTORS

6. For contracts for works to be awarded on the basis of ICB, eligible Recipients of CDB Financing may, with the agreement of CDB, grant a margin of preference of 7.5% to contractors from Commonwealth Caribbean member countries of CDB, in accordance with, and subject to, the following provisions:

- (a) Contractors applying for such preference shall be asked to provide, as part of the data for qualification,^{64/} such information, including details of ownership, as shall be required to determine whether, according to the classification established by the Recipient of CDB Financing and accepted by CDB, a particular contractor or group of contractors qualifies for a Commonwealth Caribbean preference. The bidding documents shall clearly indicate the preference and the method that will be followed in the evaluation and comparison of bids to give effect to such preference.
- (b) After bids have been received and reviewed by the Recipient of CDB Financing, responsive bids shall be classified into the following groups:
 - (i) Group A: bids offered by contractors from Commonwealth Caribbean member countries of CDB eligible for the preference; and
 - (ii) Group B: bids offered by other contractors.

For the purpose of evaluation and comparison of bids, an amount equal to 7.5% of the bid amount shall be added to bids received from contractors in Group B.

^{64/} At the prequalification and/or at the bidding stage.

APPENDIX 4

GUIDANCE TO BIDDERS

PURPOSE

1. This Appendix provides guidance to potential bidders wishing to participate in CDB-financed procurement.

RESPONSIBILITY FOR PROCUREMENT

2. The responsibility for the implementation of the project, and therefore for the payment of goods, works, and services under the project, rests solely with the Recipient of CDB Financing. CDB, for its part, is required by the Agreement establishing CDB to ensure that funds are paid from a CDB loan or grant only as expenditures are incurred. Disbursements of the proceeds of a loan or grant are made only at the request of the Recipient of CDB Financing. Supporting evidence that the funds are used in accordance with the Financing Agreement and/or the Procurement Plan shall be submitted with the withdrawal application of the Recipient of CDB Financing. Payment may be made:

- (a) to reimburse the Recipient of CDB Financing for payment(s) already made from its own resources;
- (b) directly to a third party (usually to a supplier or contractor); or
- (c) to a commercial bank for expenditures against a CDB Special Commitment covering a commercial bank's letter of credit.^{65/}

As emphasised in paragraph 1.02 of these Guidelines, the Recipient of CDB Financing is legally responsible for the procurement. It invites, receives, and evaluates bids, and awards the contract. The contract is between the Recipient of CDB Financing and the supplier or contractor. CDB is not a party to the contract.

^{65/} A complete description of CDB's disbursement procedures is provided in the Disbursement Handbook (available on the CDB's website at <http://www.caribank.org/projects>).

CDB's ROLE

3. As stated in paragraph 1.12 of these Guidelines, CDB reviews the procurement procedures, documents, bid evaluations, award recommendations, and the contract to ensure that the process is carried out in accordance with agreed procedures, as required in the Financing Agreement. In the case of major contracts, the documents are reviewed by CDB prior to their issue, as described in Appendix 2. Also, if, at any time in the procurement process (even after the award of contract), CDB concludes that the agreed procedures were not followed in any material respect, CDB may declare a misprocurement, as described in paragraph 1.13. However, if a Recipient of CDB Financing has awarded a contract after obtaining CDB's "no objection," CDB will declare a misprocurement only if the "no objection" was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Recipient of CDB Financing. Furthermore, if CDB determines that corrupt or fraudulent practices were engaged in by representatives of the Recipient of CDB Financing or of the bidder, CDB may impose the applicable sanctions set forth in paragraph 1.15 of these Guidelines.

4. CDB has published SBDs for various types of procurement. As stated in paragraph 2.12 of these Guidelines, it is mandatory for the Recipient of CDB Financing to use these documents, with minimum changes to address country and project specific issues. The prequalification and bidding documents are finalised and issued by the Recipient of CDB Financing.

INFORMATION ON BIDDING

5. Information on bidding opportunities under ICB may be obtained from the General Procurement Notice and the Specific Procurement Notices as described in paragraphs 2.07 and 2.08 of these Guidelines. General guidance on participation, as well as advance information on business opportunities in upcoming projects, may be obtained from CDB's website ^{66/} as well as from CDB's headquarters in Barbados ^{67/}.

^{66/} <http://www.caribank.org>

^{67/} CDB's headquarters address, its postal address and other means of communication are set forth on the cover page of these Guidelines.

BIDDER'S ROLE

6. Once a bidder receives the prequalification or bidding document, the bidder should study the documents carefully to decide if he/she can meet the technical, commercial, and contractual conditions, and if so, proceed to prepare his/her bid. The bidder should then critically review the documents to see if there is any ambiguity, omission, or internal contradiction, or any feature of specifications or other conditions which are unclear or appear discriminatory or restrictive; if so, he/she should seek clarification from the Recipient of CDB Financing, in writing, within the time period specified in the bidding documents for seeking clarifications.

7. The criteria and methodology for selection of the successful bidder are outlined in the bidding documents, generally under Instructions to Bidders and Specifications. If these are not clear, clarification should be similarly sought from the Recipient of CDB Financing.

8. In this connection it should be emphasised that the specific bidding documents issued by the Recipient of CDB Financing govern each procurement, as stated in paragraph 1.01 of these Guidelines. If a bidder feels that any of the provisions in the documents are inconsistent with these Guidelines, he/she should also raise this with the Recipient of CDB Financing.

9. It is the responsibility of the bidder to raise any issue of ambiguity, contradiction, omission, etc., prior to the submission of its bid, to assure submission of a fully responsive and compliant bid, including all the supporting documents requested in the bidding documents. Noncompliance with critical (technical and commercial) requirements will result in rejection of the bid. If a bidder wishes to propose deviations to a noncritical requirement, or propose an alternative solution, the bidder should quote the price for the fully compliant bid and then separately indicate the adjustment in price that can be offered if the deviation is accepted. Alternative solutions should be offered only when authorised in the bidding documents. Once bids are received and publicly opened, bidders will not be required or permitted to change the price or substance of a bid.

CONFIDENTIALITY

10. As stated in paragraph 2.47 of these Guidelines, the process of bid evaluation shall be confidential until the publication of contract award. This is essential to enable the Recipient of CDB Financing and CDB reviewers to avoid either the reality or perception of improper interference. If at this stage a bidder wishes to bring additional information to the notice of the Recipient of CDB Financing, CDB, or both, he/she should do so in writing.

ACTION BY CDB

11. Bidders are free to send copies of their communications on issues and questions with the Recipient of CDB Financing to CDB or to write to CDB directly, when the Recipients of CDB Financing do not respond promptly, or the communication is a complaint against the Recipient of CDB Financing. All such communications should be addressed to the Division Chief of the Project Supervision Division in CDB's Projects Department.

12. References received by CDB from potential bidders, prior to the closing date for submission of the bids, will, if appropriate, be referred to the Recipient of CDB Financing with the CDB's comments and advice, for action or response.

13. Communication received from bidders after the opening of the bids, will be handled as follows. In the case of contracts not subject to prior review by CDB, the communication will be sent to the Recipient of CDB Financing for due consideration and appropriate action, if any, and these will be reviewed during subsequent supervision of the project by CDB staff. In the cases of contracts subject to the prior review process, the communication will be examined by CDB, in consultation with the Recipient of CDB Financing. If additional data is required to complete this process, these will be obtained from the Recipient of CDB Financing. If additional information or clarification is required from the bidder, CDB will ask the Recipient of CDB Financing to obtain it and comment or incorporate it, as appropriate, in the evaluation report. CDB's review will not be completed until the communication is fully examined and considered.

14. Except for acknowledgment, CDB will not enter into discussion or correspondence with any bidder during the evaluation and review process of the procurement, until award of the contract is published.

DEBRIEFING

15. As stated in paragraph 2.65, if, after notification of award, a bidder wishes to ascertain the grounds on which his/her bid was not selected, he/she should address his/her request to the Recipient of CDB Financing. If the bidder is not satisfied with the explanation given and wishes to seek a meeting with CDB, he/she may do so by addressing the Director of CDB's Projects Department, who will arrange a meeting at the appropriate level and with the relevant staff. In this discussion, only the bidder's bid can be discussed and not the bids of competitors.

