

**CARIBBEAN DEVELOPMENT BANK**

**Procurement Policy for projects Financed by CDB**

**XXX 2019**

This policy applies to CDB financed projects approved on or after XXX 1, 2019

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Caribbean Development Bank

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# COMMON ABBREVIATIONS AND DEFINED TERMS

Common abbreviations and defined terms used in this Procurement Policy. Defined terms are written using capital letters.

| **TERM** | **DEFINITION / TERMINOLOGY** |
| --- | --- |
| **APA** | Alternative Procurement Arrangements. |
| **Bid** | An offer, by a Bidder, in response to an Invitation to Bid or equivalent, to provide the required Goods, Works or Non-Consulting Services. |
| **Bidder** | A Firm or joint venture that submits a Bid for the provision of Goods, Works or Non-Consulting Services in response to an Invitation to Bid or equivalent. |
| **BMCs** | CDB Borrowing Member Countries. |
| **Borrowing Member Countries** | CDB Borrowing Member Countries are those Regional Members described as such in Annex 1 of The Procedures. |
| **CDB** | Caribbean Development Bank. |
| **Consultant** | Includes a wide variety of private and public entities, including consulting Firms, engineering Firms, construction managers, management Firms, procurement agents, inspection agents, auditors, United Nations (UN) Agencies and other regional and multinational organisations, investment and merchant banks, universities, research institutions, government agencies, NGOs, as well as individuals, that provide Consulting Services.  |
| **Consulting Services** | Consulting Services are those advisory or intellectual services delivered by a Consultant Firm or an Individual Consultant. |
| **Contractor** | A Firm that is contracted to provide Works. |
| **Core Procurement Principles**  | The principles set out in Section 3. |
| **Financing Agreement** | The legal agreement between CDB and the Recipient of CDB financing, which governs the provision of such financing. |
| **Firm** | Any eligible private, public or government-owned legal entity, or any combination thereof, that formally intends to enter into an agreement or is bound by an existing agreement in the form of a joint venture, consortium or association, for-profit or not, that supply Goods, undertakes Works, or provides Consulting Services or related services. |
| **Goods** | Includes commodities, raw materials, machinery, equipment, vehicles, plant and equivalent. The term may also include related services, such as: transportation, insurance, installation, commissioning, training or initial maintenance. |
| **Goods, Works and Services** | Goods, Works, Non-Consulting Services and Consulting Services. |
| **Implementing/Executing Agency** | The entity appointed by the Recipient to carry out the Project and provide its day-to-day management. |
| **MDBs** | Multilateral Development Banks. |
| **Misprocurement** | A determination by CDB that a contract has been awarded otherwise than in conformity with the Financing Agreement. |
| **Non-Consulting Services** | Services that are not Consulting Services. Non-Consulting Services are normally Bid and contracted based on the performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied, for example drilling, aerial photography, satellite imagery, mapping and similar operations. |
| **NGOs** | Non-governmental Organisations. |
| **Paragraph** | These are paragraphs numbers in the Policy. |
| **Policy** | This is the Procurement Policy for Projects Financed by CDB. |
| **Private Sector Policy** | CDB’s Private Sector Development Policy and Strategy (July 2017), as amended from time to time. |
| **The Procedures** | These are the Procurement Procedures for Projects Financed by CDB. |
| **Procurement Framework** | This is made up of the Policy and the Procedures.  |
| **Procurement Plan** | The Recipient’s Procurement Plan for a CDB financed project, as referred to in Section 6 and incorporated in the Financing Agreement. |
| **Procurement Strategy** | The Recipient’s project-level procurement strategy document that describes how the procurement will deliver the intended development objectives and provide value for money through the application of CDB’s core procurement principles. |
| **Proposal** | An offer, usually in response to a request for proposal, which may or may not include price, by one party to provide Consulting Services to another party. |
| **Proposers** | Consultants submitting Expressions of Interest or Proposals. |
| **Recipient** | The entity or entities signing the Financing Agreement. |
| **Section** | This refers to sections in the Policy. |
| **SPDs** | Standard Procurement Documents. |
| **Standard Procurement Documents** | All Standard Procurement Documents, including, standard procurement notices, pre-qualification documents, bidding documents including contract forms, for Goods, Works and Non-Consulting Services, as well as Request for Proposals documents, including contract forms, for Consultancy Services, and equivalent issued by CDB for use on CDB-financed projects. |
| **Supplier** | A Firm that is contracted to supply Goods and required associated services, if any, or Non-Consulting Services |
| **Terminal Disbursement Date** | The date after which CDB will stop accepting withdrawal applications under a Financing Agreement and may cancel any undisbursed balances. |
| **UN Agencies** | United Nations Agencies refers to the UN departments, specialised agencies and their regional offices, such as the Pan-American Health Organisation, entities, funds and programmes. |
| **VfM** | Value for Money |
| **Value for Money** | Value for money means the efficient, effective and economic use of resources to achieve the intended outcomes. This requires the evaluation of relevant costs and benefits, along with an assessment of risks and of non-price attributes and/or life-cycle costs, as appropriate. Price alone may not necessarily represent VfM. |
| **Works** | Includes construction, repair, rehabilitation, demolition, restoration, maintenance of civil work structures and equivalent, and related services such as transportation, insurance, installation, commissioning, and training. |

# 1. INTRODUCTION

## PURPOSE

1. Caribbean Development Bank CDB) seeks to support its Borrowing Member Countries (BMCs) in conducting procurement that achieves the optimum value for money (VfM) as well as facilitates the pursuit of their socio-economic and development objectives. The Procurement Policy (“the Policy”) establishes the core principles and policy requirements governing the procurement of Goods, Works, Non-Consulting Services, and Consulting Services (Goods, Works and Services) undertaken by Recipients of CDB financing. It aligns with CDB’s fiduciary obligations and practices, and the Agreement Establishing CDB which requires that financing only be utilised for the purposes for which the financing was granted, with due attention to considerations of economy and efficiency[[1]](#footnote-1), without regard to political or other non-economic influences or considerations[[2]](#footnote-2).

## PROCUREMENT FRAMEWORK

1. The Policy is accompanied by the prevailing Procurement Procedures for Projects Financed by CDB (“the Procedures”), and collectively they are referred to as “the Procurement Framework.” The Procurement Framework is supplemented by CDB’s Standard Procurement Documents (SPDs) and procurement guidance notes. The Policy is the overarching document and in the event of a conflict between it and any other documents forming the Procurement Framework or CDB’s SPDs and procurement guidance notes, the Policy will prevail.

## APPLICABILITY

1. The Policy applies to all contracts for Goods, Works and Services awarded by the Recipient, which are financed in whole or part by resources from CDB or funds administered by CDB to the extent that the agreement providing for such funds does not conflict with the Policy[[3]](#footnote-3).
2. The Procurement Framework does not apply to CDB’s internal or corporate procurement, where CDB is a party to the resulting contracts. In addition, unless specifically stated in the Financing Agreement, the Policy shall not apply to policy-based operations[[4]](#footnote-4), investments in equity, or the provision of guarantees. Section 7 governs procurement under private sector operations.

# 2. ROLES AND RESPONSIBILITIES

## FINANCING AGREEMENT

1. The Financing Agreement governs the legal relationships between the Recipient and CDB and shall reference the Procurement Framework under which the Recipient shall undertake the procurement for contracts financed by CDB. The rights and obligations of the Recipient and the providers of Goods, Works, and Services for the project are governed by the procurement documents issued and the contract signed by the Recipient with the respective Supplier, Contractor or Consultant, and not by the Procurement Framework or the Financing Agreement. No party other than the parties to the Financing Agreement shall derive any rights therefrom or have any claim to proceeds of CDB financing.

## RECIPIENT’S ROLE

1. The Recipient is responsible for the implementation of CDB financed projects and ensuring the procurement, contract award and contract management process conforms to the Financing Agreement.

## CDB’S ROLE

1. CDB shall perform a procurement oversight function to ensure CDB financing is used for its intended purposes and that the procurement conforms to the requirements of the Financing Agreement.

# 3. CORE PROCUREMENT PRINCIPLES

1. The Procurement Framework seeks to support CDB’s BMCs in conducting procurements that achieve the optimum VfM and which facilitates the pursuit of their socio-economic and development objectives. Therefore, while recognising that the specific procurement procedures to be followed will depend on the circumstances of the case, the following, mutually supporting and reinforcing, core procurement principles shall guide the procurement:
2. **Economy**:The principle of economy takes into consideration price, and non-price factors, including sustainability and quality, that establish VfM. Price alone may not necessarily represent VfM, particularly in the case of Consulting Services where quality is generally paramount and, as appropriate, in the case of Goods, Works and Non-consulting Services, life cycle costs may need to be considered to determine VfM. Economy may consider sustainability with specific criteria in support of the Recipient’s own sustainable procurement policy. Maximising of competition supports the achievement of economy.

1. **Efficiency**: The principle of efficiency necessitates that procurement processes be proportional to the value and risks of the underlying project activities. Efficient procurement and subsequent contract management is crucial to the timely completion of projects.
2. **Integrity**: The principle of integrity refers to CDB financing being used for its intended purposes, in accordance with Paragraph 1.1, and requires that all parties involved in the procurement process observe the highest standard of ethics during the procurement and execution of CDB financed contracts, and refrain from prohibited practices, in accordance with Section 5.
3. **Equity**: The principle of equity requires that all eligible Suppliers, Contractors and Consultants be treated in a fair manner and be provided equal opportunities. Therefore, open competitive procurement is CDB’s preferred procurement approach, whenever possible. The opportunity to make procurement-related complaints must be provided for as detailed in the Procedures.
4. **Transparency**: The principle of transparency requires that relevant procurement information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources at reasonable or no cost and appropriate reporting of procurement activities, including contract awards.

# 4. ELIGIBILITY

## ELIGIBLE BIDDERS/PROPOSERS

1. To foster competition, CDB permits Firms and individuals from all its member countries, and any other countries, which are indicated as eligible in the Financing Agreement (an Eligible Country), by offering Goods, Works and Services for CDB-financed projects. Exceptions to Paragraph 4.1, as detailed in Paragraph 7.1 and the Procedures, include those:
2. applicable to private sector operations;
3. detailed in Paragraph 5.2 related to CDB sanctions;
4. permitted under CDB’s Disaster Management Strategy and Operational Guidelines (as amended from time to time);
5. situations where Recipients contract regional and international organisations, such as United Nations (UN) agencies, as detailed in the Procedures. In such instances CDB may accept the organisation’s eligibility procedures in relation to any procurement needed to be made under a CDB-financed contract; and
6. restrictions on the contracting of state-owned or controlled enterprises or government officials from the Recipient’s country detailed in the Procedures.

# 5. PROHIBITED PRACTICES, CONFLICTS OF INTEREST

# AND NON-COMPLIANCE

## PROHIBITED PRACTICES

### Scope and Definitions

1. In accordance with Paragraph 3.1(c), CDB requires that all parties involved in the procurement process, including without limitation, Recipients, Bidders/Proposers, Consultants, Contractors, and Suppliers; any Sub-contractors, Sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement and execution of CDB- financed contracts and refrain from all prohibited practices, as defined in the Procedures.

### Sanctions

1. CDB will sanction Firms or individuals, at any time, for not conforming to the requirements stated in Paragraph 5.1, in accordance with CDB’s prevailing sanctions procedures. Firms or individuals sanctioned shall be ineligible to be awarded a CDB-financed contract, or to benefit from a CDB-financed contract, financially or otherwise, during such period of time as CDB shall determine.

### Regional and International Organisations

1. Where regional and international organisations, such as UN agencies, execute CDB-financed contracts under an agreement signed with the Recipient, CDB may agree to such organisations applying their own rules and regulations for investigating allegations of Prohibited Practices, subject to terms and conditions agreed with CDB, including an obligation to periodically inform CDB of the decisions and actions taken. CDB, however, retains the right to invoke suitable remedies.

### CONFLICTS OF INTEREST

1. None of the parties involved in the procurement process shall have a conflict of interest.

### NON-COMPLIANCE

1. If the Recipient or other parties involved in the procurement process do not comply with the applicable procurement requirements, CDB may, in addition to the contractual remedies set out in the relevant Financing Agreement, take other appropriate actions consistent with the terms and conditions of the Financing Agreement and CDB’s implementation support and monitoring role.

**6. PROCUREMENT PLANNING**

## PROCUREMENT PLAN AND PROCUREMENT STRATEGY

1. The preparation of a realistic Procurement Plan[[5]](#footnote-5) for a project is critical for its successful monitoring and implementation. The Procurement Plan should be consistent with the overall project implementation plan and reflect the perceived risks of the procurements to be undertaken and capacity of the implementing and executing agency and other stakeholders tasked with conducting and overseeing the procurement. Where procurements are high risk and high value, CDB may request that the Recipient produces a Procurement Strategy to be submitted with the Procurement Plan.

# 7. PROCUREMENT UNDER PRIVATE SECTOR OPERATIONS

## PRIVATE SECTOR FINANCING

1. Unless stated otherwise in the Financing Agreement, CDB does not require private sector Recipients to comply with CDB’s public procurement procedures and will permit the use of established commercial practices acceptable to CDB and there shall be no restrictions on country eligibility.

# 8. ALTERNATIVE PROCUREMENT ARRANGEMENTS

1. For contracts it finances, CDB may agree to alternative procurement arrangements (APAs) where the procurement policies and procedures applied are those of:
2. another multilateral or bilateral agency or organisation involved in the project and may agree to such a party taking a leading role in providing the implementation support and monitoring of project procurement activities through mutual reliance. To facilitate such arrangements CDB may enter project specific or framework co-financing arrangements with entities, such as other Multilateral Development Banks (MDBs), which follow broadly harmonised procurement policies and procedures, through the signing of mutual reliance agreements[[6]](#footnote-6). Such agreements shall recognise the underlying principles of each entity’s procurement policies and procedures and permit reliance by co-financiers on those of the designated lead co-financier. The roles and responsibilities of the co-financiers in such cases will be as indicated in the mutual reliance agreements, but in general, the lead co-financier will be responsible for the procurement process, applying its own procurement policy and internal review and clearance procedures, and making final decisions and applying remedies on behalf of the co-financiers; or
3. an agency or entity of the Recipient whereby these policies, procedures and operational practises are consistent with CDB’s Core Procurement Principles. Such APAs shall be subject to accreditation by CDB. Accreditation shall require an assessment of the procurement arrangements of the agency or entity to be undertaken by CDB or by another Multi-Lateral Development Bank (MDB) or equivalent institution, provided CDB is satisfied with the quality of such an assessment and the associated fiduciary risk mitigation measures that have been established.

# 9. INTERPRETATION AND MODIFICATION OF THE POLICY

1. CDB’s Board of Directors shall approve the Policy and any subsequent modifications or waivers. Management shall interpret the Policy and recommend to the Board of Directors any necessary Policy modifications.
1. Article 15 (k) of the Agreement Establishing the Caribbean Development Bank. [↑](#footnote-ref-1)
2. Article 35 of the Agreement Establishing the Caribbean Development Bank. [↑](#footnote-ref-2)
3. This includes those cases where the Recipient employs a procurement agent to undertake procurement on their behalf. [↑](#footnote-ref-3)
4. Policy-based operations provide a form of general or sectoral budget support. The policy-based operations procurement guidelines are set out in Policy Paper: A Framework for Policy-Based Operations Paper BD\_72/05 Add.6 (as amended from time to time). [↑](#footnote-ref-4)
5. The Procedures detail the required contents of a Procurement Plan. [↑](#footnote-ref-5)
6. Such agreements may necessitate policy waivers from CDB’s Board of Directors. [↑](#footnote-ref-6)