



CARIBBEAN DEVELOPMENT BANK

PROCUREMENT POLICY FOR PROJECTS FINANCED BY CDB

NOVEMBER 2019

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

First Edition

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Caribbean Development Bank

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TABLE OF CONTENTS

COMMON ABBREVIATIONS AND DEFINED TERMS	1
1. INTRODUCTION	4
PURPOSE	4
PROCUREMENT FRAMEWORK	4
APPLICABILITY	4
2. ROLES AND RESPONSIBILITIES	5
FINANCING AGREEMENT	5
RECIPIENT’S ROLE	5
CDB’S ROLE	5
3. CORE PROCUREMENT PRINCIPLES	5
4. ELIGIBILITY	6
ELIGIBLE BIDDERS/PROPOSERS	6
5. PROHIBITED PRACTICES, CONFLICTS OF INTEREST AND NON-COMPLIANCE	6
PROHIBITED PRACTICES	6
Scope and Definitions	6
Suspensions and Sanctions	7
Regional and International Organisations	7
CONFLICTS OF INTEREST	7
NON-COMPLIANCE	7
6. PROCUREMENT PLANNING	7
PROCUREMENT PLAN AND PROCUREMENT STRATEGY	7
7. PROCUREMENT UNDER PRIVATE SECTOR OPERATIONS	8
PRIVATE SECTOR FINANCING	8
8. ALTERNATIVE PROCUREMENT ARRANGEMENTS	8
9. INTERPRETATION AND MODIFICATION OF THE POLICY	9

COMMON ABBREVIATIONS AND DEFINED TERMS

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

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
APAs	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	Private and public entities, including, amongst others, 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. Where the Consultant is an individual and they are not engaged by the Recipient as an employee.
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 intends to enter into an agreement or is bound by an existing agreement

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
	in the form of a Joint Venture, consortium or association, for-profit or not, that provides Goods, Works or 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	An entity appointed by the Recipient to carry out the Project and provide its day-to-day management.
Joint Venture	An incorporated or unincorporated partnership.
MDBs	Multilateral Development Banks.
Misprocurement	A determination by CDB that a procurement process has not been conducted in accordance 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	The Procurement Policy for Projects Financed by CDB, as amended from time to time.
Private Sector Policy	CDB's Private Sector Development Policy and Strategy (July 2017), as amended from time to time.
Procedures	The Procurement Procedures for Projects Financed by CDB, as amended from time to time.
Procurement Framework	The Policy and the Procedures, as amended from time to time.
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

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
	deliver the intended development objectives and provide VfM through the application of CDB's core procurement principles.
Prohibited Practices	Practices that are prohibited by CBD under its Financing Agreement that are defined in the Policy and Procedures.
Proposal	An offer, usually in response to a request for Proposal, to provide Consulting Services.
Proposers	Consultants submitting Expressions of Interest or Proposals.
Recipient	The entity or entities signing the Financing Agreement with CDB for a Project.
Section	Sections in the Policy.
SPDs	Standard Procurement Documents.
Standard Procurement Documents	Standard Procurement Documents, published by CDB from time to time, including, procurement notices, pre-qualification documents, Bidding and Request for Proposal documents and contract forms, for Goods, Works and Services, 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
UN Agencies	United Nations Agencies refers to the UN departments, specialised agencies and their regional offices, such as the Pan-American Health Organisation, funds and programmes.
VfM	Value for Money
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

- 1.1 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 CDB financing shall only be utilised for the purposes for which the financing was granted, with due attention to considerations of economy and efficiency¹, without regard to political or other non-economic influences or considerations².

PROCUREMENT FRAMEWORK

- 1.2 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 promotes the use of best international procurement practices, which deliver value for money and the highest standards of integrity, in order to provide the intended development outcomes in a timely manner. CDB’s Standard Procurement Documents (SPDs) and procurement guidance notes supplement the Procurement Framework. 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

- 1.3 The Policy applies to all procurement for Goods, Works and Services undertaken by the Recipient, which is financed in whole or part by resources from CDB or funds administered by CDB to the extent that the Financing Agreement providing for such funds, does not conflict with the Policy³.
- 1.4 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 operations⁴, investments in equity, or the provision of guarantees. Section 7 of the Policy governs procurement under private sector operations.

¹ Article 15 (k) of the Agreement Establishing the Caribbean Development Bank.

² Article 35 of the Agreement Establishing the Caribbean Development Bank.

³ This includes those cases where the Recipient employs a procurement agent to undertake procurement on its behalf.

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), which details excluded expenditure.

2. ROLES AND RESPONSIBILITIES

FINANCING AGREEMENT

- 2.1 The Financing Agreement governs the legal relationship between the Recipient and CDB and shall reference the Procurement Framework under which the Recipient shall undertake the procurement of 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 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

- 2.2 The Recipient is responsible for the implementation of CDB financed projects and ensuring that the procurement and contract management processes conform to the Financing Agreement.

CDB'S ROLE

- 2.3 CDB shall perform a procurement oversight function to seek to ensure CDB financing is used for its intended purposes and that the procurement complies with the requirements of the Financing Agreement.

3. CORE PROCUREMENT PRINCIPLES

- 3.1 While recognising that the procurement approach adopted will depend on the circumstances of the project concerned, the following, mutually supporting and reinforcing, Core Procurement Principles shall guide procurement under this Policy:
- (a) **Value for Money (VfM):** The principle of VfM means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM.
 - (b) **Economy:** The principle of economy takes into consideration price, and non-price factors, including quality, sustainability and life cycle costs, as appropriate, that support VfM. Economy may consider sustainability with specific criteria in support of the Recipient's own sustainable Procurement Policy. The maximising of competition supports the achievement of economy.
 - (c) **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.

- (d) **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 standards of integrity and ethics during the procurement and execution of CDB financed contracts, and refrain from Prohibited Practices, in accordance with Section 5.
- (e) **Equality and Fairness:** The principle of equality and fairness requires that all Bidders be treated in an equal and fair manner and be provided equal opportunities. Therefore, open competitive procurement is CDB's preferred procurement approach, whenever possible. In addition, there should be an equitable distribution of rights and obligations between Recipients and Suppliers, Bidders, Consultants, and Contractors, and credible mechanisms for addressing procurement-related complaints and providing recourse.
- (f) **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

- 4.1 CDB only permits Firms and individuals from its member countries, to be awarded contracts under projects financed by CDB, notwithstanding the exceptions permitted in Paragraphs 5.2 and 7.1, and the Procedures.

5. PROHIBITED PRACTICES, CONFLICTS OF INTEREST AND NON-COMPLIANCE

PROHIBITED PRACTICES

Scope and Definitions

- 5.1 In accordance with Paragraph 3.1(d), 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 integrity and ethics during the procurement and execution of CDB-financed contracts and refrain from all Prohibited Practices, as defined in the Procedures.

Suspensions and Sanctions

- 5.2 CDB will suspend or sanction Firms or individuals, at any time, for not conforming to the requirements stated in Paragraph 5.1, in accordance with CDB's prevailing suspension and sanctions procedures. Firms or individuals suspended or 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 in its absolute and sole discretion determine.

Regional and International Organisations

- 5.3 Where regional and international organisations, including UN agencies, execute CDB-financed contracts under an agreement signed with the Recipient, CDB may agree to the application of such organisations' 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, reserves all its rights and remedies.

CONFLICTS OF INTEREST

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

NON-COMPLIANCE

- 5.5 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, including declaring Misprocurement.

6. PROCUREMENT PLANNING

PROCUREMENT PLAN AND PROCUREMENT STRATEGY

- 6.1 The preparation of a realistic Procurement Plan⁵ 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 the capacity of the implementing and executing agency and other stakeholders tasked with conducting and overseeing the procurement. Where CDB determines projects to have higher risk, or sensitive procurement, CDB shall request that the Recipient produces a Procurement Strategy to be submitted with the Procurement Plan.

⁵ The Procedures detail the required contents of Procurement Plans and Strategies.

7. PROCUREMENT UNDER PRIVATE SECTOR OPERATIONS

PRIVATE SECTOR FINANCING

- 7.1 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. There shall be no restrictions on country eligibility under private sector operations.

8. ALTERNATIVE PROCUREMENT ARRANGEMENTS

- 8.1 For contracts it finances, where satisfied with the proposed arrangements, CDB may agree to Alternative Procurement Arrangements (APAs) where the procurement policies and procedures applied are those of:
- (a) 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 agreements⁶. 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 oversight of 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
 - (b) 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 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.

⁶ Such agreements may necessitate Policy waivers from CDB's Board of Directors.

9. INTERPRETATION AND MODIFICATION OF THE POLICY

- 9.1 CDB's Board of Directors shall approve the Policy and any subsequent modifications or waivers. CDB's management shall interpret the Policy and recommend to the Board of Directors any necessary Policy modifications.