



CARIBBEAN DEVELOPMENT BANK

**PROCUREMENT PROCEDURES FOR
PROJECTS FINANCED BY CDB**

January 2021

These Procedures apply to CDB-financed Projects approved on or after January 1, 2021. They supersede the Procurement Procedures for Projects Financed by CDB (November 2019).

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Caribbean Development Bank

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First Printing, January 2021

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COMMON ABBREVIATIONS AND DEFINED TERMS

Common abbreviations and defined terms that are used in these Procurement Procedures. Defined terms are written using capital letters.

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
Affiliate or Subsidiary	Used, indistinguishably, to define a Firm whose economic activity is controlled by another Firm having a majority equity interest.
ALBs	Abnormally Low Bids
APAs	Alternative Procurement Arrangements, as detailed in Paragraph 3.05.
Associate	A Firm with which another Firm has an existing or proposed contractual relationship for jointly providing the services required for a Project.
Association	An existing or proposed contractual relationship between two or more Consultants to jointly provide services required for a Project.
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's Borrowing Member Countries
Borrowing Member Countries	CDB's Borrowing Member Countries are those Regional Members that are described as such in Annex 1, as updated from time to time.
BOO	Build, Own, Operate
BOOT	Build, Own, Operate, Transfer
BOT	Build, Operate, Transfer
Call-off Contract	Individual contract awarded under a Framework Agreement
CDB	Caribbean Development Bank
CIF	Incoterm meaning Cost, Insurance, and Freight
CIP	Incoterm meaning Carriage and Insurance Paid to (named place of destination).

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
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, non-governmental organisations (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 Firm	A Firm that provides Consulting Services
Consulting Services	Consulting Services are those advisory or intellectual services delivered by a Consulting Firm or an Individual Consultant.
Contractor	A Firm that is contracted to provide Works
Contracting Agency	The entity with the legal capacity to sign the Contract for the provision of Goods, Works, Non-Consulting and Consulting Services. This entity may be, the Recipient, the Implementing Agency, the Executing Agency, or any other entity so appointed.
Contract Management Plan	Plan for managing high risk or sensitive CDB financed contracts, as detailed in the Procurement Plan.
Core Procurement Principles	The Core Procurement Principles of VfM, Economy, Efficiency, Integrity, Equality and Fairness and Transparency, which govern all procurement under CDB Financing, as detailed in Section 3 of the Policy.
Counterpart Resources	The funds or other resources that the Recipient commits to contribute from its own or third-party resources for the implementation of a Project.
CPT	Incoterm meaning Carriage Paid To (named place of destination)
CQS	Selection Based on Consultants' Qualifications
DDP	Incoterm meaning Delivered Duty Paid
DS	Direct Selection
EOI	Expression of Interest
EXW	Incoterm meaning Ex Works
FBS	Fixed Budget Selection

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
FCA	Incoterm meaning Free Carrier
Financing	The financial resources that CDB agrees to make available to the Recipient to assist with Project implementation. The Financing does not include the Counterpart Resources provided by the Recipient or third parties.
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 in the form of a Joint Venture, consortium or Association, for-profit or not, that provides Goods, Works or Services.
Force Account	The provision of Non-Consulting Services or Works by a department or unit of the Recipient that is not managerially, legally or financially autonomous. “Force account” is otherwise known as “direct labour,” “departmental forces,” or “direct work”.
Framework Agreement	An agreement with one or more firms that establishes the terms and conditions that will govern any contract awarded during the term of the Framework Agreement, known as Call-off Contracts.
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
GPN	General Procurement Notice
ICB	International Competitive Bidding
Incoterms	The prevailing International Commercial Terms published by the International Chamber of Commerce.
Implementing/Executing Agency	An entity appointed by the Recipient to carry out the Project and provide its day-to-day management
Individual Consultant (Expert)	A natural person who provides Consulting Services

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
ITB	Invitation to Bid also known as Request for Bid or Request for Quotation or equivalent.
Joint Venture	An incorporated or unincorporated partnership
KPI	Key Performance Indicator
LB	Limited Bidding
LCS	Least-Cost Selection
LOI	Letter of Invitation
Long List	A preliminary list of potential Consulting Firms from which the Shortlist will be established.
MDB	Multilateral Development Bank
MDB Cross-Debarment	A debarment imposed and announced publicly ¹ pursuant to the provisions for mutual recognition and enforcement under the Agreement on Mutual Enforcement of Debarment Decisions ² .
MDB Debarment	A debarment imposed and announced publicly ³ by at least one MDB which is a signatory to the Agreement on Mutual Enforcement of Debarment Decisions in accordance solely with its internal sanctions policies and procedures.
Misprocurement	A determination by CDB that a procurement process has not been conducted in accordance with the Financing Agreement.
NCB	National Competitive Bidding
NGOs	Non-Governmental Organisations
Non-Consulting Services	Services which 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.
OBP	Output-Based Procurement
PAs	Procurement Agents
Paragraph	These are Paragraphs numbers in the Procedures

¹ Published on the official website of the MDB.

² Further details can be viewed at: <http://lnadbg4.adb.org/oai001p.nsf/>.

³ As per footnote 1.

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
Plant	Installed equipment, as in a production facility
Policy	The Procurement Policy for Projects Financed by CDB, as amended from time to time.
PPPs	Public-Private Partnerships
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 detailed in Paragraphs 5.09–5.14, 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 VfM through the application of CDB's Core Procurement Principles.
Prohibited Practices	Corrupt, fraudulent, collusive, coercive and obstructive practices (see Paragraph 5.25).
Project	The activities to be financed with resources from the Financing Agreement
Probity Assurance Provider	Independent third party hired by Recipient to oversee the integrity of the procurement process, and in particular the conduct of the negotiations (see Paragraphs 6.62–6.66).
Proposal	An offer, usually in response to a Request for Proposals, to provide Consulting Services.
Proposers	Consultants submitting EOIs or Proposals
QBS	Quality-Based Selection
QCBS	Quality-and Cost-Based Selection
RCB	Regional Competitive Bidding
Recipient	The entity or entities signing the Financing Agreement with CDB for a Project
Region	Refers to those CDB Borrowing Member Countries described as Regional Members in Annex 1.
REOI	Request for Expressions of Interest

ABBREVIATION/TERM	DEFINITION/TERMINOLOGY
RFP	Request for Proposals
Section	Sections in the Procedures
SOEs	State-owned or controlled enterprises
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.
Shortlist	The Proposers that have obtained the highest ranking in order of merit and shall be invited to submit Proposals to provide Consulting Services.
SPN	Specific Procurement Notice
Supplier	A Firm that is contracted to supply Goods and required associated services, if any, and Non-Consulting Services.
Terminal Disbursement Date (TDD)	The date after which CDB will stop accepting withdrawal applications under a Financing Agreement and may cancel any undisbursed balances.
TOR	Terms of Reference
Turn-key Contract	A contract, generally covering complex Works, in which the Contractor is responsible for completing the entire Works, including design, procurement of equipment, and construction.
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.
UNDB	United Nations Development Business
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.

SECTION 1. INTRODUCTION

INTRODUCTION

- 1.01 The Procurement Procedures for Projects Financed by CDB (“the Procedures”) govern the procurement of Goods, Works, Non-Consulting Services, and Consulting Services (Goods, Works and Services) undertaken by Recipients of Caribbean Development Bank (CDB) Financing. The Procedures align 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 efficiency⁴, without regard to political or other non-economic influences or considerations.⁵
- 1.02 The Procedures are accompanied by the Procurement Policy for Projects Financed by CDB (“the Policy”), and collectively they are referred to as “the Procurement Framework.” The Policy and any subsequent waivers or modifications thereto, require the approval of CDB’s Board of Directors. The Procedures require the approval by CDB’s Management⁶, which has the authority to waive or modify them, but only where consistent with the approved Policy.
- 1.03 The Procurement Framework promotes the use of best international procurement practices, which deliver value for money (VfM) 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 the Policy and any other documents forming the Procurement Framework, CDB’s SPDs or procurement guidance notes, the Policy prevails.
- 1.04 While in practice the specific procurement rules and procedures to be followed in the implementation of a Project depend on the circumstances of the Project concerned, procurement shall comply with CDB’s Core Procurement Principles, VfM, economy, efficiency, integrity, equality and fairness and transparency (see Paragraph 2.01).

PURPOSE

- 1.05 The purpose of the Procedures is to inform those carrying out a Project that is financed in whole or in part by CDB Financing, of the procedures that govern the procurement of the Goods, Works and Services required for the Project. The Loan or Grant Agreement (the Financing Agreement) governs the legal relationship between the Recipient of CDB Financing and CDB, and the Procedures are applicable to the procurement of Goods, Works and Services for the Project, as provided for in the Financing Agreement. The rights and obligations of the Recipient and the providers of Goods, Works and Services for the Project are governed by the Bidding Documents or Request for Proposals acceptable to

⁴ Article 15 (k) of the Agreement Establishing the Caribbean Development Bank.

⁵ Article 35 of the Agreement Establishing the Caribbean Development Bank.

⁶ Modifications to the Procedures would require the approval of CDB’s Advisory Management Team and waivers of the Procedures would be approved, at a project level, by CDB’s Loans Committee.

CDB, and by the contracts signed by the Recipient with the providers of Goods, Works and Services, 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 the proceeds of CDB Financing.

APPLICABILITY OF PROCEDURES

- 1.06 The Procedures apply to all contracts for Goods, Works and Services (Consulting and Non-Consulting) financed in whole or in part from CDB Financing or funds administered by CDB to the extent that the agreement providing for such funds does not conflict with the Procurement Framework⁷. For the procurement of Goods, Works and Services not financed by CDB, the Recipient may adopt other procedures. In such cases CDB shall be satisfied that the procedures to be used will fulfil the Recipient's obligations to carry out the Project diligently and efficiently, and that the Goods, Works and Services to be procured:
- (a) are of satisfactory quality and are compatible with the other elements 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.

The Procedures do not apply to CDB's internal or corporate procurement, where CDB is a party to the resulting contracts. In addition, unless specifically agreed in the Financing Agreement, these Procedures shall not apply to policy-based operations⁸, investments in equity, or the provision of guarantees.

- 1.07 Exceptions to the Procedures, as allowed for under CDB's Disaster Management Strategy and Operational Guidelines (as amended from time to time), are permitted.

SECTION 2. CORE PROCUREMENT PRINCIPLES

- 2.01 While recognising that the specific procurement approach to be followed will depend on the circumstances of the Project, the mutually supporting and reinforcing Core Procurement Principles detailed in Section 3 of the Policy shall guide all procurement.

⁷ This includes those cases where the Recipient employs a procurement agent to undertake procurement on their behalf.

⁸ Policy based operations provide a form of general or sectoral budget support. The PBO 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.

SECTION 3. GENERAL CONSIDERATIONS

- 3.01 The responsibility for the implementation of a Project, and therefore for the award and administration of contracts under a Project, rests with the Recipient. 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”⁹ and has established these detailed procedures for this purpose. While in practice the specific procurement approach to be followed in the implementation of a Project depend on the circumstances of the Project, procurement shall comply with the Procurement Framework.

GOODS, WORKS AND NON-CONSULTING SERVICES

- 3.02 Open competition is the preferred basis for the efficient public procurement of Goods, Works and Non-Consulting Services. Open competitive Bidding, properly administered, and with any allowance for preferences for the supply of Goods manufactured in Borrowing Member Countries (BMCs) or Works undertaken by Contractors from BMCs (see Paragraphs 6.53 and 6.54), is the most appropriate approach unless otherwise dictated by the specifics of the procurement context. Where appropriate, therefore, CDB requires the Recipient to obtain Goods, Works and Non-Consulting Services through open competitive Bidding from eligible Suppliers and Contractors (see Paragraph 7.02 and Annex 1). Section 7 of the Procedures describes the selection methods for open competitive Bidding.
- 3.03 Where open competitive Bidding is not the most appropriate selection method of procurement, other selection methods may be used. Section 7 describes these other selection methods and the circumstances under which their application would be appropriate.

CONSULTING SERVICES

- 3.04 Open competition is also usually the most appropriate approach, unless otherwise dictated by the specifics of the procurement context, for selecting Consulting Firms. When selecting Firms, in most cases, competition can best be facilitated through competition among qualified short-listed Firms where the selection is based on the quality of the proposal and, where appropriate, on the cost of the services to be provided. Since Quality and Cost-Based Selection (QCBS) is the most commonly recommended selection method for the selection of Consulting Firms, Section 8 of the Procedures describes in detail the procedures for QCBS. However, as QCBS is not the most appropriate method of selection in all cases, Section 8 also describes other methods of selection and the circumstances in which they are appropriate, as well as the approach to selecting Individual Consultants.

⁹Article 15(k) of the Agreement Establishing CDB. The term “Loan” should be considered to include other modalities of CDB Financing for the purposes of Paragraph 3.01.

ALTERNATIVE PROCUREMENT ARRANGEMENTS (APA)

- 3.05 CDB (subject to its policies and rules, and applicable fiduciary and operational requirements), where satisfied with the proposed arrangements, may agree to APAs where the procurement policies and procedures applied are those of:
- (a) another multilateral or bilateral agency or organisation, and may agree to such a party taking a leading role in providing the implementation support and monitoring of procurement activities; or
 - (b) an agency or entity of the Recipient whereby these policies, procedures and operational practices 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 Multilateral 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.

SECTION 4. ELIGIBILITY

ELIGIBLE BIDDERS/PROPOSERS

- 4.01 Notwithstanding the exceptions stated in Paragraph 4.04, CDB only permits Firms and Individual Consultants from its member countries (Annex 1) to be awarded contracts under Projects financed by CDB.
- 4.02 Firms whether Bidding individually or in the form of a Joint Venture, shall:
- (a) be legally incorporated or otherwise organised in, and have their principal place of business in an Eligible Country;
 - (b) be more than fifty (50) percent beneficially-owned by a citizen or citizens and/or a *bona fide* resident or residents of an Eligible Country, or by a body corporate or bodies meeting these requirements, as far as the ownership can be reasonably determined; and
 - (c) have no arrangement and undertake not to make any arrangement whereby the majority of the financial benefits of the contract, i.e. more than fifty (50) percent of the value of the contract, will accrue or be paid to sub-contractors or sub-consultants that are not from an Eligible Country.
- 4.03 Individual Consultants and individual Service Delivery Contractors shall be citizens or *bona fide* residents of an Eligible Country.

EXCEPTIONS TO ELIGIBILITY REQUIREMENTS FOR BIDDERS/PROPOSERS

4.04 As exceptions to Paragraphs 4.01–4.03 (Eligible Bidders/Proposers):

- (a) Bodies Corporate, Consulting Firms or Individual Consultants from an Eligible Country or Goods from a specific Country may be excluded on grounds of ineligibility where:
 - (i) as a matter of law or official regulation, the country of the Recipient prohibits commercial relations with that country, provided that CDB is satisfied that such exclusion does not preclude effective competition for the required Goods, Works or Services;
 - (ii) by an act of compliance with a decision of the United Nations (UN) Security Council taken under Chapter VII of the Charter of the UN, the country of the Recipient prohibits any import of Goods from, or payments to, a particular country, person, or entity. Where the country of the Recipient prohibits payments to a particular body corporate, Firm or individual or for particular Goods by such an act of compliance, that body corporate, Firm or individual shall be excluded from being awarded a CDB financed contract, or from benefiting from a CDB-financed contract, financially or otherwise;
 - (iii) a Firm or an individual is suspended or sanctioned by CDB for engaging in Prohibited Practices or against whom an MDB Debarment or MDB Cross-Debarment has been imposed. In such instances the Firm or individual may be excluded from being awarded a CDB financed contract, or benefiting from a CDB financed contract, financially or otherwise, during such period of time as CDB shall determine for CDB suspensions or sanctions (in accordance with Paragraph 5.25) or as determined by the relevant MDB or enforcement of debarment decisions made pursuant to the Agreement on Mutual Enforcement of Debarment Decisions;
 - (iv) a Firm or individual that is under a sanction of debarment from being awarded a contract by the proper judicial or administrative authorities in the Recipient's country and pursuant to its relevant laws may be excluded from being awarded a CDB financed contract. This is provided that the application of such national sanctions are requested by the Recipient and CDB concludes to its satisfaction that the debarment relates to Prohibited Practices and follows a judicial or administrative proceeding affording the Firm or the individual adequate due process. Such requirements must be clearly stated in the bidding or Request for Proposal (RFP) documents, and similar associated documents; or
 - (v) the Bidder/Proposer is a State-owned or controlled enterprise (SOE) or institution from an eligible country which is unable to establish, in a manner acceptable to CDB, that they:

- (1) are legally and financially autonomous. “Legally autonomous” means a legal entity separate from the eligible country’s government. "Financially autonomous" means not receiving budget support from any public entity, and not being obliged to pass financial surplus to the same, except through dividends to shareholders;
- (2) operate under commercial law - being vested with legal rights and liabilities similar to any commercial enterprise, including, being incorporated or established by statutory charter under local law; having the right:
 - (aa) to enter into legally binding contracts;
 - (bb) to sue;
 - (cc) to be sued; and
 - (dd) to borrow money, being liable for the repayment of debts and being able to be declared bankrupt.

Exceptions to Paragraph 4.04 (v) include:

- (aa) when Works and Non-Consulting Services are provided under the Force Account selection method (see Paragraph 7.11);
- (bb) when Goods and Services are provided by universities, research institutes or similar institutions, which are SOEs, and are of a unique or exceptional nature because of the absence of suitable private sector alternatives, or as a consequence of the regulatory framework, or because their participation is critical to Project implementation, CDB may agree to the contracting of these entities on a case-by-case basis; and
- (cc) on a case-by-case basis, CDB may agree to the hiring of government officials and civil servants of the Recipient’s country under Consulting contracts, either as Individual Consultants or as members of the team of experts proposed by a Consulting Firm provided that:
 - (i) the services of the government officials and civil servants of the Recipient’s country are of a unique and exceptional nature, or their participation is critical to Project implementation;

- (ii) their hiring does not conflict with any laws, regulations or policies of the Recipient; and
 - (iii) their hiring would not, in CDB's view, create a conflict of interest in accordance with the Procedures;
 - (dd) CDB may agree that university professors, experts or scientists in specialised fields from universities, research institutes or similar institutions, which are SOEs in the Recipient's country, be contracted individually on a part-time basis provided this is permitted under employment or other laws, regulations or policies of the Recipient's country and that there is no conflict of interest in accordance with the Procedures.
- (b) Eligibility may be expanded, where:
 - (i) UN Agencies or other regional or international organisations, are contracted by Recipients, in accordance with Paragraphs 7.20 and 8.24. Such organisations may be permitted by CDB to apply their eligibility procedures in relation to any procurement they need to make under a CDB financed contract;
 - (ii) relevant provisions of CDB's Disaster Management Strategy and Operational Guidelines, as amended from time to time (in accordance with Paragraph 1.07) apply;
 - (iii) commercial practices are employed, in accordance with Paragraphs 7.23 and 8.23. In such cases there shall be no restrictions on country eligibility; and
 - (iv) Individual Consultants receive honorariums, in accordance with Paragraph 8.44. In such cases there shall be no restrictions on country eligibility.

SECTION 5. GOVERNANCE

GOVERNANCE

- 5.01 The governance of procurement on CDB-financed Projects shall be managed through clear and transparent lines of accountability, and with clear definition of the roles and responsibilities of each participant.

ROLES AND RESPONSIBILITIES

Recipient

- 5.02 The Recipient is responsible for the implementation of CDB financed Projects and ensuring that the procurement and contract management processes comply with the Financing Agreement, including the Procurement Framework as referred to in the Financing Agreement, and the Procurement Plan and Strategy, if appropriate.

PROCUREMENT OVERSIGHT

Bank Review, Assistance, and Monitoring

- 5.03 CDB shall perform a procurement oversight role for CDB financed Projects to seek to ensure that the procurement process is carried out in accordance with the requirements of the Financing Agreement. This includes conducting “prior reviews” and “post reviews”, as described in Annex 2, but may in addition include procurement audits, independent procurement reviews, specialised audits, reports from third parties and other modalities, as may be determined by CDB. CDB shall monitor Project and procurement progress through supervision activities and seek to provide assistance to Recipients, including in the area of procurement capacity building.

Post and Prior Review

- 5.04 Whether a contract is subject to prior or post review is determined on the basis of the Project and contract specific procurement risks and values. These factors are assessed by CDB during Project preparation and appraisal. The requirement for a prior or post review shall be agreed between the Recipient and CDB and specified in the Procurement Plan and Procurement Strategy, if applicable. During Project implementation CDB monitors and reassesses the risk and risk mitigation measures. If necessary and appropriate, as determined by CDB, CDB may request the Recipient to revise the prior and/or post review requirements in the Procurement Plan.
- 5.05 CDB shall always carry out prior review of the General Procurement Notice (GPN), the Procurement Plan and the Procurement Strategy, where relevant. Annex 2 lists the full documentation that would be reviewed by CDB under prior review. The draft Procurement Documents required under prior review shall be submitted to CDB allowing sufficient time for their review and shall only be published or issued, as appropriate, after CDB’s no-objection has been provided.
- 5.06 CDB also conducts post review of procurement activities undertaken by the Recipient to determine whether they comply with the requirements of the Financing Agreement. Post review could involve a sampling approach. CDB may use a third party, acceptable to CDB, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the Terms of Reference (TOR) provided to it by CDB.
- 5.07 Independent procurement reviews are procurement audits performed by independent third parties appointed by CDB when CDB determines the need for such a review based on its

assessment of risk. The Recipient shall cooperate with such third parties and provide all necessary access.

Supervision

- 5.08 The Recipient is responsible for supervising the Suppliers, Contractors and Consultants' performance and ensuring that they perform in accordance with the contract. Without assuming the responsibilities of the Recipient or the Supplier, Contractor or Consultant, CDB staff shall monitor the progress of the contract and inspect Goods and Works and the quality of the Consultants' work as necessary to satisfy themselves that progress and outputs are in accordance with the contract.

PROCUREMENT PLANNING AND STRATEGY DEVELOPMENT

Procurement Plan

- 5.09 The Recipient is required to prepare a Procurement Plan for CDB's review and no-objection during Project appraisal in accordance with CDB's Procurement Plan template or an alternative acceptable to CDB. The Procurement Plan shall form part of the Financing Agreement. Where CDB determines Projects to have higher risk or sensitive procurement, the Recipient shall also prepare a more detailed Procurement Strategy during Project appraisal for CDB's no-objection.
- 5.10 At a minimum, the Recipient shall prepare a detailed and comprehensive Procurement Plan including:
- (a) all contracts for which the selection of Firms and individuals is to take place at least during the first twelve (12) months of Project implementation;
 - (b) estimated costs for each contract;
 - (c) the proposed selection method for each contract;
 - (d) time schedules;
 - (e) the related CDB review procedures; and
 - (f) any other relevant procurement information.
- 5.11 If a Procurement Strategy is required, it shall detail the rationale for the proposed procurement approach and explain how the Procurement Strategy will support the socio-economic and development objectives of the Project and deliver VfM. The level of detail and analysis shall be proportional to the risk, value and complexity of the Project.
- 5.12 The Recipient shall update the Procurement Plan and Procurement Strategy (if required) as needed throughout the duration of the Project but at a minimum at least annually, by including contracts previously awarded and to be procured at least during the next twelve (12) months. All Procurement Plans and Procurement Strategies (if required), and

their updates or modifications, shall be subject to CDB's prior review and no-objection before implementation. CDB shall arrange, after approval of the Financing, the publication on CDB's website of the initial Procurement Plan and all subsequent updates once it has provided a no-objection. The Recipient shall implement the Procurement Plan and Procurement Strategy (if required) in the manner which has been approved by CDB.

- 5.13 For Projects, or their components, that are demand-driven in nature such as community-driven development, etc. where specific contracts, or their time-schedules, cannot be identified in advance, a suitable template of Procurement Plan shall be agreed with CDB.
- 5.14 In emergency situations or post-disasters situations, it is not always possible for the Recipient to prepare a Procurement Plan, and, subject to CDB's approval, this requirement may be waived or deferred to the implementation phase of the Project.

CONFLICTS OF INTEREST

- 5.15 CDB requires that all parties involved in the procurement process avoid and declare promptly and proactively in writing to CDB any potential, apparent or actual conflicts of interest.

Procurement of Goods, Works and Non-Consulting Services

- 5.16 Without limitation on the generality of the foregoing, an entity shall be considered to have a conflict of interest if the entity:
- (a) is providing Goods, Works, or Non-Consulting Services resulting from, or directly related to, Consulting Services that it provided for the preparation or implementation of a Project, or where such services were provided by an Affiliate that directly or indirectly controls, is controlled by, or is under common control with that entity. This provision does not apply to the various entities (Consultants, Contractors, or Suppliers), which together are performing the Contractor's obligations under a turnkey or design and build contract;
 - (b) including its personnel or sub-contractors, have a close business or family relationship with professional staff of the Recipient, or of the Project implementing agency, or of a beneficiary of a part of CDB's Financing, or any other party representing or acting on behalf of the Recipient who is directly or indirectly involved in any part of:
 - (i) preparation of the Procurement Documents or technical requirements, and/or the evaluation or approval of such contract; or
 - (ii) execution or supervision of such contract.
 - (c) does not comply with any other conflict of interest requirements as specified in the Procedures or tender or RFP documents, and similar associated documents, relevant to the specific procurement process.

Selection of Consultants

- 5.17 CDB requires that Consultants provide professional, objective, and impartial advice and always hold the client's interests' paramount, without any consideration for future work, and that in providing advice, they avoid conflicts with other assignments and their own corporate interests. Consultants shall not be hired for any assignment that would conflict with their prior or current obligations to other clients, or in CDB's opinion, that may place them in a position of being unable to carry out the assignment in the best interest of the Recipient. Without limitation on the generality of the foregoing, Consultants shall not be hired under the circumstances set forth below:
- (a) an entity that has been engaged by the Recipient to provide Goods, Works, or Non-Consulting Services for a Project (or an Affiliate that directly or indirectly controls, is controlled by, or is under common control with that entity), shall be disqualified from providing Consulting Services resulting from, or directly related to, those Goods, Works, or Non-Consulting Services. This provision does not apply to the various entities (Consultants, Contractors, or Suppliers), which together are performing the Contractor's obligations under a turnkey or design and build contract;
 - (b) neither a Consultant (including personnel and sub-consultants), nor an Affiliate (that directly or indirectly controls, is controlled by, or is under common control with that Consultant), shall be hired for any assignment that, by its nature, creates a conflict of interest with another assignment of the Consultant;
 - (c) Consultants (including their experts and other personnel, and sub-Consultants), that have a close business or family relationship with professional staff of the Recipient, or of the Project implementing agency, or of a beneficiary of a part of CDB's Financing, or any other party representing or acting on behalf of the Recipient, that is directly or indirectly involved in any part of:
 - (i) preparation of the Procurement Documents or TOR, and/or the evaluation or approval of such contract; or
 - (ii) execution or supervision of such contract.
 - (d) Consultants do not comply with any other conflict of interest requirements as specified in the Procedures or tender or RFP documents, and similar associated documents, relevant to the specific procurement process.

UNFAIR COMPETITIVE ADVANTAGE

- 5.18 Fairness and transparency in the procurement process require that Bidders/Proposers, or their Affiliates, competing for a particular contract do not derive an unfair competitive advantage from any specific information or knowledge that they may possess and that directly relates to the contract in question. Unfair competitive advantage is also possible if the specifications or the TOR are not sufficiently detailed and put specific Firms at an unfair advantage compared to their competitors.

- 5.19 For Goods and Works, Recipients shall avoid brand names (see Paragraph 6.27) and adopt generic specifications based on relevant characteristics and/or performance requirements, unless use of brand names is necessary for the purposes of standardisation, or if the requirements may be met only with a unique product or technology.
- 5.20 For Consulting Services assignments, Recipients will make available at the time of requesting Proposals, to the short-listed Consultants, all information that may give any short-listed Consultant a competitive advantage.

NON-COMPLIANCE

- 5.21 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, including declaring Misprocurement.
- 5.22 CDB does not finance expenditures under a contract if CDB concludes that such contract:
- (a) has not been awarded in accordance with the agreed provisions of the Financing Agreement and as further elaborated in the Procurement Plan and Procurement Strategy (if present) to which CDB provided no-objection;
 - (b) could not be awarded to the Bidder/Proposer otherwise determined successful, due to wilful, dilatory conduct or other actions of the Recipient resulting in unjustifiable delays, loss of the successful Bid or Proposal, or its wrongful rejection of any one or more Bids or Proposals; or
 - (c) involves the engagement of a representative of the Recipient, or a beneficiary of any part of the proceeds of the Financing, in Prohibited Practices, without the Recipient having taken timely and appropriate action satisfactory to CDB to remedy the situation.
- 5.23 In such cases, whether subject to prior or post review, CDB may declare Misprocurement, and it will normally cancel that portion of the Financing allocated to the Goods, Works or Services that have been misprocured. Even if the contract is awarded after obtaining a no-objection from CDB, CDB may still declare Misprocurement and apply in full the appropriate remedies regardless of whether the Financing has been fully disbursed, if it concludes that the no-objection was issued on the basis of incomplete, inaccurate, or misleading information furnished by the Recipient or that the terms and conditions of the contract had been substantially modified without CDB's no-objection.

PROCUREMENT RELATED COMPLAINTS

- 5.24 Procurement related complaints are governed by the provisions of Annex 3, except in the instances where APAs with another MDB or equivalent or agency of the Recipient are approved for use by CDB, in which instances, unless otherwise agreed, the complaints

mechanism used by the MDB or equivalent or agency of the Recipient shall be utilised rather than CDB's complaints mechanism. Complaints may be brought, at the appropriate stage of the procurement process, to the attention of the Recipient, by potential or actual Bidders/Proposers. To promote an open and fair procurement process, the Recipient shall make every effort to address any such procurement related complaints objectively and in a timely manner, with transparency and impartiality. CDB undertakes to monitor the process of resolution of any procurement related complaint of which it has received notice and to manage complaints escalated to CDB in the manner detailed in Annex 3.

PROHIBITED PRACTICES AND OTHER INTEGRITY RELATED MATTERS

5.25 CDB has a Strategic Framework for Integrity, Compliance and Accountability that articulates CDB's adherence to the highest standards of integrity, ethics and accountability with zero tolerance for fraud, corruption money laundering, terrorist Financing and similarly corrosive conduct. CDB requires that Recipients, as well as Bidders, Proposers, Firms, Suppliers, service providers, Contractors, sub-contractors, Consultants, sub-consultants, project promoters, sponsors, beneficiaries of CDB financing and parties bound by special provisions pursuant to CDB financed contracts, as well as their respective officers, employees and agents, observe the highest standard of integrity during the procurement and/or the execution of CDB-financed contracts and refrain from integrity violations, particularly Prohibited Practices (as defined below). In pursuance of this requirement, CDB:

- (a) defines, for the purposes of this provision, Prohibited Practices as follows:
 - (i) **“corrupt practice”** is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the action of another party;
 - (ii) **“fraudulent practice”** is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
 - (iii) **“collusive practice”** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;
 - (iv) **“coercive practice”** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party, or the property of the party, to influence improperly the actions of a party; and
 - (v) **“obstructive practice”** is:
 - (aa) deliberately destroying, falsifying, altering, or concealing of evidence related to an investigation or making false statements or false allegation to CDB in order to impede a CDB investigation into allegations of an integrity violation particularly Prohibited

Practices; and/or threatening, harassing, or intimidating any party to delay or prevent it from sharing evidence or disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or

- (bb) acts which impede the exercise of CDB's access, inspection and audit rights provided for under Paragraph 5.25 (f) below.
- (b) will not provide no-objections, in accordance with Annex 2, and will reject a proposal for award if it determines that the Bidder or Proposer:
 - (i) has directly or through an agent, engaged in any Prohibited Practice in competing for the contract in question;
 - (ii) is subject to a decision of the UN Security Council taken under Chapter VII of the Charter of the UN, in accordance with Paragraph 4.04 (ii); or
 - (iii) is suspended or sanctioned by CDB for engaging in Prohibited Practices or against whom an MDB Debarment or MDB Cross-Debarment has been imposed, in accordance with Paragraph 4.04 (iii).

Notwithstanding the provisions of 5.25 (b) (iii), CDB may in its sole discretion, following a formal request from the Recipient, provide a no-objection to a Shortlist, prequalification list or recommendation for award that includes a sanctioned Bidder(s) or Proposer(s) against whom an MDB Debarment or MDB Cross-Debarment has been imposed if so warranted by the circumstances and having regard for the integrity and other risks to CDB. If, in such instances, CDB proposes to provide a no-objection to any debarred entity, CDB may in its sole discretion, having regard to its internal policies and procedures, notify the Committee of the Board of Directors with oversight for integrity, ethics, compliance and accountability (Oversight Committee) in its periodic report to the Oversight Committee.

- (c) may temporarily suspend an individual or entity from: (i) receiving a payment in respect of a CDB financed project, to the extent contractually permissible, where to make the payment could result in harm to CDB; or (ii) participating in or being awarded a contract for a project financed by CDB;
- (d) will usually impose such sanctions as applicable including to cancel all or a portion of the CDB Financing allocated to a contract if it determines at any time that representatives of the Recipient or the Recipient engaged in Prohibited Practices during the procurement or the execution of that contract, without the Recipient having taken timely and appropriate action satisfactory to CDB to remedy the situation;
- (e) may maintain on its website or other publicly accessible platforms, a list of Firms and individuals sanctioned by CDB; and

- (f) will have the right to require that a provision be included in the tender or RFP documents, and similar associated documents, and in contracts to be financed by CDB; requiring Bidders, Proposers, Firms, Suppliers, service providers, Contractors, sub-contractors, Consultants, sub-consultants, suppliers, project promoters, sponsors, beneficiaries of CDB financing and parties bound by special provisions pursuant to CDB financed contracts, as well as their respective officers, employees and agents to: (i) cooperate promptly, fully and in good faith with any audit or investigation conducted by CDB to determine whether any wrongdoing or integrity violation, specifically a Prohibited Practice has occurred, (ii) respond promptly and in reasonable detail to any notice from CDB, (iii) furnish documentary support for such response upon CDB's request; (iv) make available to CDB for interviews, their employees and agents to respond to questions from any investigator, agent, auditor or consultant designated by the CDB to conduct an investigation; and (v) provide access to, inspect and make copies of their accounts and records and other documents relating to the Bid/Proposal submission, contract performance and to have them audited by auditors appointed by CDB and/or subjected to investigation by CDB's Office of Integrity, Compliance and Accountability.
- 5.26 CDB may approve a request by a Recipient to introduce into Bid forms for contracts financed by CDB, an undertaking by the Bidder/Proposer to observe, any of the Recipient's national laws against Prohibited Practices. The undertaking shall be referenced in the tender or RFP documents, and similar associated documents.¹⁰
- 5.27 When conducting the evaluation of Bids/Proposals, the Recipient shall conduct integrity due diligence on Bidders/Proposers including to assess and mitigate any risks related to Prohibited Practices they may present and to check the eligibility of Bidders/Proposers against the lists of Firms and individuals subject to decisions of the UN Security Council taken under Chapter VII of the Charter of the UN, pursuant to Paragraph 4.04 (a)(ii), and temporarily suspended or sanctioned by CDB for engaging in Prohibited Practices or against whom an MDB Debarment or MDB Cross-Debarment has been imposed, under Paragraphs 4.04 (a)(iii), and 5.25 (c) and (d). The Recipient shall apply additional due diligence by closely supervising and monitoring any on-going contract (whether under prior or post review) executed by a Firm or individual which has been suspended or sanctioned by CDB for engaging in Prohibited Practices or against whom an MDB Debarment or MDB Cross-Debarment has been imposed after such contract was signed. The Recipient shall neither sign any new contracts nor sign any amendment, including any extension of time for completion, to an on-going contract with a Firm or individual Consultant temporarily suspended or sanctioned by CDB for engaging in Prohibited Practices or against whom an MDB Debarment or MDB Cross-Debarment has been imposed. after the effective date of the suspension or sanction without CDB's prior review and no-objection (whether under prior or post review).

¹⁰ 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 Prohibited Practices in force in the country of the [Purchaser or Employer], as such laws have been listed by the [Purchaser or Employer] in the Procurement Documents for this contract."

REFERENCES TO CDB

- 5.28 If the Recipient wishes to refer to CDB in the tender or RFP documents, and similar associated documents, the following language shall be used:

“(name of Recipient) 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 (value and currency of Financing) toward the cost of (name of Project), and intends to apply a portion of the proceeds of this Financing] to eligible payments under this contract. Payment by CDB will be made only at the request of (name of Recipient or designate) and upon approval by CDB, and will be subject, in all respects, to the terms and conditions of the Financing Agreement. The Financing Agreement prohibits a withdrawal from the Financing 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 UN Security Council taken under Chapter VII of the Charter of the UN. No party other than (name of Recipient) shall derive any rights from the Financing Agreement or have any claim to the proceeds of the Financing.”

SECTION 6. PROCUREMENT PROVISIONS

ADVANCE CONTRACTING AND RETROACTIVE FINANCING

- 6.01 The Recipient 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 the Procedures for the eventual contracts to be eligible for CDB Financing, and CDB shall review the process used by the Recipient. A Recipient undertakes such advance contracting at their sole risk, and any concurrence by CDB with the procedures, documentation, or Proposal for award does not commit CDB to provide Financing for the Project in question. If the contract is signed, reimbursement by CDB of any payments made by the Recipient under the contract prior to signing of the Financing Agreement is referred to as retroactive Financing.

PROCUREMENT OF LEASED OR PREVIOUSLY USED ASSETS

- 6.02 Leasing may be appropriate when there are economic and/or operational benefits to the Recipient (e.g. lower financing costs, tax benefits, assets used for a temporary period, reducing risks of obsolescence). Recipients may use leasing if it is agreed with CDB and specified in the Procurement Plan (and if appropriate the Procurement Strategy). Appropriate risk mitigation measures shall, as necessary, also be agreed with CDB.
- 6.03 In principle new Goods should be procured. However, if agreed with CDB and specified in the Procurement Plan (and if appropriate the Procurement Strategy), the Recipient may procure previously used Goods, i.e. not new, or refurbished equipment if doing so would provide an economic and efficient means of achieving the Project’s development objectives. The following requirements shall apply:

- (a) the Procurement Plan (and if appropriate the Procurement Strategy) shall specify any risk mitigation measures that may be necessary specified;
- (b) the procurement of used Goods shall not be combined with the procurement of new Goods under the same contract;
- (c) the technical requirements/specifications shall describe the minimum characteristics of the previously used Goods, including the maximum age and condition; and
- (d) appropriate warranty provisions shall be specified.

SUSTAINABLE PROCUREMENT

- 6.04 If agreed with CDB, Recipients may include additional sustainability requirements in the procurement process, including their own sustainable procurement policy requirements, if they are applied in a manner that is consistent with CDB's Core Procurement Principles.

ELECTRONIC PROCUREMENT SYSTEMS

- 6.05 Recipients may use electronic procurement systems (e-Procurement) for aspects of the procurement process, including: issuing tender documents/RFP, and addenda, receiving and responding to requests for clarification, receiving applications/quotations/Bids/Proposals, evaluation activities, issuing contracts and amendments and carrying out other specific procurement actions such as e-reverse auctions, provided CDB is satisfied with the adequacy of the system, including its accessibility, security and integrity, confidentiality, and audit trail features.

CONFIDENTIALITY

- 6.06 Except as required by law, after the opening of applications/Bids/Proposals, information relating to the examination, clarification, and evaluation of Bids/Proposals and recommendations concerning awards shall not be disclosed to Bidders/Proposers or other persons not officially concerned with this process, unless otherwise permitted in the Procedures. Following the conclusion of the procurement process, unless all applications/Bids/Proposals are rejected, contract award information shall be published as detailed in the Procedures.

COMMUNICATIONS

- 6.07 Communications between the Recipient and Bidders/Proposers during the different stages of the procurement process shall be in writing¹¹ with proof of receipt. The Recipient shall keep a written record of meetings, such as: early market engagement, pre-Bid conferences, negotiation meetings and exploratory/clarification meetings.

¹¹ This includes the use of electronic mail as allowed for the tender documents/RFP.

LANGUAGE

- 6.08 For all international and Regional Competitive Bidding (RCB) processes, bidding and RFP documents shall be prepared in English. The Recipient may also issue translated versions of these documents in another language, which should be the national language. The national language is, either:
- (a) the national language of the Recipient; or
 - (b) the language used nationwide in the Recipient's country for commercial transactions, as accepted by CDB.
- 6.09 The Recipient shall take full responsibility for the correct translation of the documents into the national language. In case of any discrepancy, the text in English prevails. If Procurement Documents are issued in two languages, potential Bidders/Proposers may submit their applications/Bids/Proposals in either of those two languages.
- 6.10 The contract signed with the winning Bidder/Proposer shall always be written in the language in which the Bid/Proposal was submitted, which shall be the one that governs the contractual relations between the Recipient and the winning Bidder/Proposer. The contract shall not be signed in more than one language.
- 6.11 For procurement subject to national Bidding, Procurement Documents can all be issued in the national language.
- 6.12 All documents subject to CDB's review, whether prior or post, which are prepared in the national language, shall also be translated into English by the Recipient unless otherwise agreed by CDB. This includes tender or RFP documents, and similar associated documents, evaluation reports, contracts and any subsequent modifications of contracts.
- 6.13 However, CDB may agree suitable modifications of the provisions of Paragraphs 6.08–6.12 with the Recipient in the case where entities are permitted by CDB to use APAs, as described in Paragraph 3.05.

NOTIFICATION AND ADVERTISING

- 6.14 For all Projects subject to open international or regional competition the Recipient is required to prepare and submit to CDB a draft GPN. CDB will arrange for its publication on United Nations Development Business (UNDB's)¹² and CDB's websites. The GPN shall contain information concerning the Recipient (or prospective Recipient), amount and purpose of the CDB Financing, scope of procurement subject to open international or regional competition, and the name, telephone (or fax) number, email address and postal address of the agency of the Recipient responsible for procurement and the address of the website(s) where Specific Procurement Notice (SPN) and Request for Expressions of Interest (REOIs) will be posted. If known, the scheduled date for availability of the SPN

¹² www.devbusiness.com/.

or REOI should be indicated. The related prequalification or tender document shall not be released to the public earlier than the date of publication of the GPN.

Goods, Works and Non-Consulting Services

- 6.15 For Goods, Works and Non-Consulting Services, the Recipient shall include a list of opportunities expected to be subject to open international or regional competition in the GPN. Each individual invitation to prequalify or to Bid, as the case may be, for the provision of Goods, Works or Non-Consulting Services shall be advertised as an SPN in at least one newspaper of national circulation in the country of the Recipient (or in the official gazette, or on an electronic portal with free national and international access). Such invitations in the case of open international Bidding shall also be published on UNDB and CDB websites and in the case of open regional Bidding on any regional sites required by CDB and CDB's website. Recipients are also further encouraged to publish invitations on their own websites and in other appropriate technical or trade publications and communication platforms to facilitate participation by all interested parties. Notification shall be given in sufficient time to enable prospective Bidders to obtain prequalification or tender documents and prepare and submit their responses (see Paragraph 6.39).

Consulting Services

- 6.16 For Consulting Services, the Recipient shall include a list of consulting assignments expected to be subject to open international competition in the GPN. Each opportunity to provide Consulting Services shall be advertised as a REOI in at least one newspaper of national circulation in the country of the Recipient (or in the official gazette, or in an electronic portal with free national and international access) and on CDB's website. REOIs subject to international advertising¹³ shall also be published on the UNDB website. Recipients are also encouraged to further publish REOIs on their own websites and in other appropriate technical or trade publications and communication platforms to facilitate participation by all interested parties. Sufficient time should be allowed for Proposers to respond (see Paragraph 6.67).
- 6.17 Exceptionally, taking into consideration the specifics of the Project and the Core Procurement Principles, CDB may agree to Shortlists comprising solely of Proposers from the Recipient's country for contracts above CDB's prevailing indicative threshold for the international advertising of REOIs. Where this is detailed in the Procurement Plan, there shall be no need to publish the REOI on the UNDB website or on CDB's website.

STANDARD PROCUREMENT DOCUMENTS (SPDs)

Use of SPDs

- 6.18 For procurement subject to international and regional competition, notwithstanding the exceptions permitted in Sections 7 and 8, the Recipient shall use CDB's SPDs.¹⁴ For

¹³ The decision to advertise internationally is informed by the specifics of the project and contract in question and CDB's indicative prevailing thresholds for international advertising for consultancy services for Firms, which are published on CDB's website.

¹⁴ These can be found at: www.caribank.org/work-with-us/procurement/resources.

procurement subject to national competition, the Recipient may use its own procurement documents, subject to their acceptance by CDB,¹⁵ or alternatively modified versions of CDB's SPDs or other procurement documents, subject to their acceptance by CDB. Where a Recipient does not utilise CDB's SPDs, unless APAs permit otherwise, they shall incorporate CDB's Prohibited Practices provisions detailed in Paragraph 5.25, including without limitation CDB's right to suspend and sanction and CDB's inspection and audit rights, as well as any agreed environmental and social requirements¹⁶ and the applicable eligibility requirements.

- 6.19 Paragraphs 6.20–6.35 detail some requirements which shall apply when CDB's SPDs or equivalentents are utilised.

ONE BID/PROPOSAL PER BIDDER/PROPOSER

Goods, Works, and Non-Consulting Services

- 6.20 Firms shall not be permitted to submit more than one Bid, either individually or as a Joint Venture partner in another Bid, except for permitted alternative Bids. If a Firm, including a Joint Venture partner, submits or participates in more than one Bid, all such Bids shall be disqualified. However, a sub-contractor shall not be deemed as participating in a Bid and thus is not precluded from being included in multiple Bids.

Consulting Services

- 6.21 A Proposer shall not be permitted to submit more than one Proposal, either individually or as a Joint Venture partner in another Proposal. If a Proposer, including a Joint Venture partner, submits or participates in more than one Proposal, all such Proposals shall be disqualified. However, this does not preclude a Firm's participation as a Sub-Consultant, or an individual's participation as a team member, in more than one Proposal if permitted by the RFP document.

Joint Ventures and Associations

- 6.22 Any corporation, body or individual may Bid/Propose independently or in a 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 except for situations where, in a manner consistent with the Core Procurement Principles and the wider Project context, CDB permits the use of nominated sub-contractors and Consultants.

¹⁵ To obtain CDB's acceptance it may be necessary to agree modifications to the Recipient's Procurement Document.

¹⁶ These would reflect the recommendations found in the Environmental and Social Management Plan and other similar studies for the Project, as relevant.

VALIDITY OF BIDS AND BID SECURITY

Goods, Works, and Non-Consulting Services

- 6.23 Bidders shall be required to submit Bids valid for a period specified in the tender documents which shall be sufficient to enable the Recipient to complete the comparison and evaluation of Bids, seek any in-country approvals, and obtain CDB's no-objection, where necessary, so that the contract can be awarded within that period.
- 6.24 Recipients have the option of requiring a Bid security. When used, the Bid security shall be in the amount and form specified in the tender document and shall remain valid for a period of normally at least four (4) weeks beyond the validity period for the Bids, in order to provide reasonable time for the Recipient to act if the security is to be called. Bid securities shall be released to unsuccessful Bidders once the contract has been signed with the winning Bidder. In place of a Bid security, the Recipient 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 tender documents, the Bidder will be suspended for a period of at least one (1) year from being eligible for Bidding for any contract with the Recipient.
- 6.25 The format of the Bid security shall be substantially in accordance with the form in the tender 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, it shall have a corresponding financial institution located in the country of the Recipient to make it enforceable.

Consulting Services

- 6.26 Proposal securities are not recommended for Consulting Services for similar reasons as for Performance Securities (see Paragraph 16 of Annex 6).

BRAND NAMES

- 6.27 In the case of Goods, 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.

STANDARDS

- 6.28 Standards and technical specifications quoted in the tender documents shall promote the broadest possible competition, while assuring the critical performance or other requirements for the Goods and/or Works and Services under procurement. As far as possible, the Recipient 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, regional or national standards may be specified. In all cases, the SPD shall state that equipment, material, or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted.

INCOTERMS

- 6.29 Incoterms shall be used for the procurement of Goods under open international and regional procurement. The tender documents shall specify the applicable version of the Incoterms that shall be used.

CURRENCY PROVISIONS

- 6.30 Unless agreed otherwise by CDB, tender documents or RFPs shall clearly state that Bidders/Proposers may state their prices in any fully convertible currency, the procedure for conversion of prices expressed in different currencies into a single currency for the purpose of comparing Bids/Proposals, and the currencies in which the contract price will be paid. The following provisions (Paragraphs 6.31–6.33) are intended to:
- (a) ensure that Bidders/Proposers can minimise any exchange risk with regard to the currency of the Bid/Proposal and of payment, and hence may offer their best prices;
 - (b) give Bidders/Proposers in countries with “weak” currencies the option to use a stronger currency and thus provide a firmer basis for their Bid/Proposal price; and
 - (c) ensure fairness and transparency in the evaluation process.
- 6.31 A Bidder/Proposer may express the Bid/Proposal price as a sum of amounts in different foreign currencies and they may do so, provided the Bid/Proposal includes no more than three foreign currencies. The Recipient may require the Bidder/Proposer to state the portion of the Bid/Proposal price representing local costs incurred in the currency of the Recipient’s country.
- 6.32 For comparison purposes, all Bids/Proposals shall be expressed in a single currency selected by the Recipient (local currency or fully convertible foreign currency) and tender documents or RFPs shall state the rate of exchange used for conversion. Payment of the contract price shall be made in the currency or currencies in which the Bid/Proposal price is expressed in the Bid/Proposal of the successful Bidder/Proposer.
- 6.33 When the Bid/Proposal price is required to be stated in the local currency but the Bidder/Proposer has requested payment in foreign currencies expressed as a percentage of the Bid/Proposal price, the exchange rates to be used for purposes of payments shall be those specified by the Bidder/Proposer in the Bid/Proposal, to ensure that the value of the foreign currency portions of the Bid is maintained without any loss or gain.

ALTERNATIVE BIDS/PROPOSALS

- 6.34 The tender documents or RFPs shall clearly indicate when Bidders/Proposers are permitted to submit alternative Bids/Proposals, how alternative Bids/Proposals should be submitted, how Bid/Proposal prices should be offered and the basis on which alternative Bids/Proposals shall be evaluated.

CONDITIONS OF CONTRACT

General

- 6.35 The contract documents shall clearly define the scope of Services or Work to be performed, or the Goods to be supplied, the rights and obligations of the Recipient and of the Consultant, Supplier or Contractor, and the functions and authority of the engineer, architect, construction manager, or owner's representative if one is employed by the Recipient, in the supervision and administration of relevant contracts. In addition to the general conditions of contract, any particular or special conditions specific to the Goods, Works or Services to be provided and the location of the Project shall be included. The conditions of contract shall provide an appropriate allocation of rights and obligations, risks and liabilities, informed by an analysis of which party is best placed to manage the risks, bearing in mind the costs and incentives of risk allocation. For requirements related to open international or regional Bidding see Annex 6.

BID/PROPOSAL OPENING, EVALUATION, AND AWARD OF CONTRACT

General

- 6.36 The following Paragraphs, related to Bid/Proposal opening, evaluation and award of contract, apply to procurements subject to open international or regional competition, except for regional preferences which shall only apply to open international competition. In all respects other than advertisement, preferences, public opening and Abnormally Low Bids (ALB), these procedures shall also apply to Limited Bidding (LB).

Evaluation Committee

- 6.37 The Recipient shall form an evaluation committee of at least three (3) members that may include or refer to qualified specialists relevant to the requirement in question, prior to commencing evaluation. Each member of the committee shall not be in a conflict of interest situation, as per Paragraphs 5.15–5.17, and certify this before participating in the evaluation. When CDB determines that the evaluation is inconsistent with the tender documents/RFP or does not properly evaluate the strengths or weaknesses of the Bids/Proposals, and the committee fails to address the situation in a timely manner, CDB may advise the Recipient to form a new evaluation committee, including, if necessary, appropriately qualified specialists.

GOODS, WORKS AND NON-CONSULTING SERVICES

Time for Preparation of Bids

- 6.38 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. Recipients shall ensure Bidders have sufficient time to prepare and submit Bids. During the period permitted in the Invitation to Bid (ITB), Bidders may request clarifications on the information provided in the ITB in writing and the Recipient shall provide clarifications in writing to all Bidders. Recipients shall take care to preserve any confidentiality and proprietary information, marked as such, in Requests for Clarifications, including commercial and financial information and trade secrets, when preparing clarifications. If necessary, the Recipient shall extend the deadline for submissions. For procurement involving large Works or complex items of equipment, the Recipient is encouraged to convene pre-Bid conferences and arrange site visits.

Submission of Bids

- 6.39 Bidders shall submit Bids in hard copy or through electronic systems, provided CDB is satisfied with the adequacy of the electronic system, including, *inter alia*, that the system is secure, maintains the integrity, confidentiality and authenticity of Bids submitted, uses an electronic signature system or equivalent to keep Bidders bound to their Bids. The deadline and place for receipt of Bids shall be specified in the ITB.

Bid Opening

- 6.40 The time for the Bid opening shall be the same as for the deadline for receipt of Bids or promptly thereafter to allow sufficient time to take the Bids to the place announced for public Bid opening. The time and place of the Bid opening shall be announced in the ITB and the Recipient shall open all Bids at the stipulated time and place. Bids shall be opened in public and Bidders or their representatives shall be allowed to be present (in person or online when electronic Bidding is used). The details read out at the Bid opening shall be recorded, and a copy of this record shall be promptly sent to all Bidders who submitted Bids in time and to CDB (where prior review applies). Except for late Bids, the Recipient shall neither reject nor discuss the merits of any Bid.
- 6.41 For a one-stage process, typically a one-envelope approach shall be employed and the name of the Bidder and total amount of each Bid, the discounts and any alternative Bids, if they have been requested or permitted, shall be read aloud (and posted online when electronic Bidding is used) at the public opening. With CDB's agreement, a two-envelope process may be used in a single-stage procurement, where the first envelope contains the qualifications and technical part and the second envelope the financial (price) part. The two-envelopes are opened and evaluated sequentially and in accordance with the approach described for Consultancy Services below.
- 6.42 For a two-stage process (as detailed in Paragraph 7.15), the first stage will consider only the technical submission and thus, except for price, (as detailed in Paragraph 6.41) the same information as for a one stage, one-envelope approach shall be read out at the public

opening. Following evaluation of the first stage technical Bid a further public opening of the final technical Bid and the financial Bid takes place. Typically, the technical and financial Bids are submitted under a two-envelope system, where they are opened and evaluated sequentially and in accordance with the approach described for Consultancy Services below.

- 6.43 Normally, Bid openings are undertaken in public. However, when negotiations require the presence of a Probity Assurance Provider acceptable to CDB (as detailed in Paragraphs 6.62–6.66) a Bid opening will not normally take place in public.

Late Bids

- 6.44 Bids received after the date and time deadline for receipt shall be declared late, rejected and promptly returned unopened.

Amendments to Bids and Clarification

- 6.45 Except as otherwise provided for in Paragraphs 6.60–6.66 of these Procedures, Bidders shall not be requested or permitted to alter their Bids after the deadline for receipt of Bids. The Recipient shall ask Bidders for clarification needed to evaluate their Bids/Proposals in writing 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 (see Paragraph 6.05).

Examination of Bids

- 6.46 The Recipient shall ascertain whether the Bids:
- (a) meet the eligibility requirements specified in Section 4 of these Procedures;
 - (b) have been properly signed;
 - (c) are accompanied by the required securities or required declaration signed as specified in Paragraphs 6.24 and 6.25 of these Procedures;
 - (d) are substantially responsive to the tender documents; and
 - (e) are otherwise generally in order.
- 6.47 If a Bid is not substantially responsive, that is, it contains material deviations/omissions from or reservations to the terms, conditions, and specifications/technical requirements in the tender documents, it shall not be considered further. The Bidder shall not be permitted to correct or withdraw material deviations, reservations or omissions once Bids have been opened.

Evaluation and Comparison of Bids

- 6.48 The purpose of Bid evaluation is to determine the Bid offering of the Recipient and the optimum VfM. For details of evaluation criteria see Annex 5. Where the evaluation criteria involve the use of merit points this must be reflected in the Procurement Plan and Procurement Strategy (where present) that has received CDB's no-objection if tender documents are not subject to prior review.
- 6.49 The Bid prices read out at the Bid opening shall be converted to a single currency selected by the Recipient (local currency or fully convertible foreign currency) as stated in the tender documents. The tender documents shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of Bids, nor later than the original date of expiration of the period of validity for the Bids. The Bid prices 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.
- 6.50 Under Works and turnkey contracts, Contractors are responsible for all duties, taxes, and other levies, unless tender documents specify otherwise, and Bidders shall take these factors into account in preparing their Bids. The evaluation and comparison of Bids shall be on this basis.
- 6.51 The Recipient shall prepare and submit to CDB, under prior review, 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. In two-envelope or multistage selection processes, where prior review applies, the Recipient submits an evaluation report to CDB for no-objection before proceeding to the next stage of the procurement process, in accordance with Annex 2. The Recipient should use CDB's standard form of evaluation report or another report acceptable to CDB. All records relating to the evaluation shall be retained in accordance with Paragraph 6.103 and Annex 2.

Regional Preference

- 6.52 At the request of the Recipient, and on conditions to be agreed and set forth in the Procurement Plan (and where relevant the Procurement Strategy) and tender documents, a margin of preference may be provided in the evaluation of Bids subject to ICB for:
- (a) Suppliers offering Goods manufactured in BMCs; or
 - (b) Contractors from BMCs providing Works.
- 6.53 Where preference for Goods manufactured in BMCs or for Contractors from BMCs is employed, the methods and stages set forth in Annex 4 to the Procedures shall be followed in the evaluation and comparison of Bids.

Abnormally Low Bids (ALBs)

- 6.54 An ALB for the purposes of the Procedures covers Works and is one in which the Bid price, in combination with other elements of the Bid, appears so low that it raises material concerns with the Recipient as to the capability of the Bidder to perform the contract for the offered price.
- 6.55 Where the Recipient identifies a potential ALB, the Recipient shall seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to the subject matter of the contract, scope, proposed methodology, schedule, allocation of risks and responsibilities and any other requirements of the tender documents.
- 6.56 If, after evaluating the Bidder's price analyses, using the approach detailed in any appropriate CDB guidance documents, the Recipient determines that the Bidder has failed to demonstrate its capability to deliver the contract for the offered price, the Recipient, if provided for in the tender documents, may reject the Bid subject to CDB's no-objection, where prior review applies.

Rejection of Bids

- 6.57 Tender documents shall provide that Recipients may reject all Bids. Aside from situations necessitating, with CDB's agreement, changes to the Project that mean the procurement will no longer proceed, 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 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. If all Bids are rejected, the Recipient shall review the causes justifying the rejection and consider revising the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new Bids.
- 6.58 If the rejection of all Bids is due to a lack of adequate competition, wider advertising shall be considered. If the rejection is due to a lack of responsive Bids, new Bids may be invited from the initially prequalified Firms, or with the agreement of CDB from only those that submitted Bids in the first instance.
- 6.59 All Bids shall not be rejected, and new Bids invited on the same Bidding and contract documents solely for obtaining lower prices. If the lowest evaluated responsive Bid exceeds the pre-procurement cost estimates of the Recipient by a substantial margin, the Recipient shall investigate causes for the excessive cost and consider requesting new Bids as described in the previous Paragraphs. Alternatively, the Recipient may negotiate with the first ranked 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 re-Bidding.
- 6.60 In the case of prior review, CDB's no-objection shall be obtained before rejecting all Bids, soliciting new Bids, or entering negotiations with the lowest evaluated Bidder. If the form

of Contract to be entered into substantively changes as a result of negotiations from that previously reviewed by CDB, a further no-objection shall be required from CDB.

Negotiations

- 6.61 In international competitive procurement subject to prior review, CDB may agree in certain circumstances to the Recipients use of negotiations following Bid evaluation and before final contract award beyond that set out in Paragraph 6.60.
- 6.62 Any negotiation shall be in accordance with the requirements of the Procurement Documents. If negotiations are undertaken beyond that set out in Paragraph 6.60, they shall be held in the presence of a Probity Assurance Provider, agreed with CDB. Negotiations may involve terms and conditions, price, and/or social, environmental, and innovative aspects, as long as they do not change the minimum requirements of the Bid.
- 6.63 The Recipient shall negotiate first with the Bidder that has the most advantageous Bid. If the outcome is unsatisfactory or an agreement is not reached, the Recipient may then negotiate with the next most advantageous Bid, and so on until a satisfactory outcome is achieved.
- 6.64 When the use of negotiations has been approved by CDB, the Recipient shall appoint a Probity Assurance Provider acceptable to CDB, to oversee the integrity of the procurement process, and in particular the conduct of the negotiations. The Probity Auditor shall be approved by CDB. For the two-stage opening of the second envelopes financial (price) part:
- (a) the second envelopes shall not be opened at a public opening, but at an opening in the presence of the Probity Auditor; and
 - (b) the Recipient shall prepare a record of the opening of the financial envelopes which shall be signed by the Probity Auditor.
- 6.65 When the Recipient has made the decision to award the contract, the Probity Assurance Provider shall prepare a probity report. The report will be provided to the Recipient and a copy sent to CDB. To ensure transparency and accountability the Probity Auditor's report shall be sent by the Recipient to all Bidders (that is every Bidder that submitted a two-stage Proposal regardless of whether they were invited to negotiate) and published on the Recipients website. This shall be done at the same time as the publication of the Contract Award Notice or if a standstill period applies at the time of transmission of the Notice of Intention to Award the contract.

CONSULTING SERVICES PROVIDED BY FIRMS

Time for Preparation of Proposals

- 6.66 The time allowed for the preparation and submission of Proposals shall be determined with due consideration of the particular circumstances of the Project and the magnitude and complexity of the contract. During the period permitted in the RFP, Proposers may request

clarifications on the information provided in the RFP in writing and the Recipient shall provide clarifications in writing to all Proposers. Recipients shall take care to preserve any confidentiality and proprietary information, marked as such, in Requests for Clarifications, including commercial and financial information and trade secrets, when preparing clarifications. If necessary, the Recipient shall extend the deadline for submissions. For procurement involving complex requirements the Recipient is encouraged to convene Proposer conferences after the issuance of the RFP.

Proposal Opening

- 6.67 Subject to the exceptions permitted for Quality Based Selection, selection based on the Consultants' Qualifications and Direct Selection (DS) (see Section 7), Technical and Financial Proposals shall be submitted at the same time but in two (2) separate and sealed envelopes and shall be subject to a public opening. Electronic systems may be permitted for Proposers to submit Proposals, provided that CDB is satisfied with the adequacy of the system, including, *inter alia*, that the system is secure, maintains the integrity, confidentiality and authenticity of Proposals submitted.
- 6.68 The Recipient shall open the Technical Proposals received by the deadline for submissions, in the presence of Proposers wishing to attend. Except for late Proposals, no Proposal shall be rejected nor have its merits discussed. All Proposals received after the deadline shall be declared late, rejected and promptly returned unopened. The committee shall read aloud the names of the Proposers that submitted Proposals, the presence or absence of duly sealed Financial Proposal envelopes, and any other information deemed appropriate. The Recipient shall prepare the minutes of the opening and a copy of this record shall be promptly sent to all Proposers who submitted Proposals and to CDB, in the case of prior review.
- 6.69 The Financial Proposals shall remain sealed and shall be deposited with an independent authority that has no responsibility for the procurement process or subsequent contract management, such as an audit function, until they are opened publicly after the technical evaluation has been completed (and for prior review contracts after CDB has issued its no-objection to the Technical Evaluation Report).

Amendments to Proposals and Clarifications

- 6.70 Except as otherwise provided in Paragraphs 6.83–6.85, Proposers shall neither be requested nor permitted to alter their Proposals in any way after the deadline for the submission of Proposals. While evaluating Proposals, the Recipient shall conduct the evaluation solely based on the submitted Technical and Financial Proposals, and shall not ask Proposers for clarifications, except for perfunctory queries without the prior no-objection of CDB, where contracts are subject to prior review. Requests for clarification and the Proposers' responses shall be made in writing, in hard copy or by an electronic system satisfactory to CDB (see Paragraph 6.05).

Evaluation of Proposals: Considerations of Quality and Cost

- 6.71 The evaluation of the Proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of Technical Proposals shall not have access to the Financial Proposals until the technical evaluation, including any CDB reviews and no-objection, is concluded. Financial Proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

Evaluation of the Quality

- 6.72 Given the need for high quality services, the quality of the evaluation of Technical Proposals is paramount.
- 6.73 The technical evaluation shall consider the criteria indicated in Annex 5 as reflected in the RFP. The RFP shall describe each such criterion and sub-criterion along with their relative maximum scores and disclose the overall minimum technical score below which a Proposal will be rejected as non-responsive. The indicative range for the overall minimum technical score is 70 to 85 on a scale of 1 to 100. The maximum score for each criterion and the minimum overall technical score shall be determined based on the nature and complexity of the specific assignment.
- 6.74 The Recipient may divide the criteria in Annex 5 into sub-criteria. Each criterion shall then be scored based on the weights assigned to respective sub-criteria. For example, sub-criteria under methodology might be innovation and level of detail. However, the number of sub-criteria should be kept to the essential. CDB recommends against the use of exceedingly detailed lists of sub-criteria that may render the evaluation a mechanical exercise more than a professional assessment of the Proposals. The weight given to experience can be relatively modest since this criterion has already been considered when short listing the Proposers. More weight shall be given to the methodology in the case of more complex assignments (for example, multidisciplinary feasibility or management studies).
- 6.75 Only the curricula vitae of the key experts should be evaluated. Since they ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The Recipient shall review the qualifications and experience of proposed key experts in their curricula vitae, which must be accurate, complete, and signed. The individuals shall be rated in the following three sub-criteria, as relevant to the task:
- (a) general qualifications: general education and training, length and relevance of experience, positions held, previous assignments as team expert, experience in developing countries, and so forth;
 - (b) adequacy for the assignment: skills, education, training, and experience in and substantive understanding of the specific sector, field, subject, and so forth, relevant to the particular assignment; and

- (c) experience in the Region and/or country: knowledge of the local language, culture and social mores, administrative system, government organisation, and so forth.
- 6.76 Recipients shall evaluate each Proposal based on its responsiveness to the TOR. A Proposal shall be considered unsuitable and shall be rejected at this stage if it fails to comply with important aspects described in the RFP. Technical Proposals containing any material financial information shall be declared non-responsive.
- 6.77 At the end of the evaluation process, the Recipient shall prepare a Technical Evaluation Report using CDB's standard form of evaluation report or another report acceptable to CDB. The report shall substantiate the results of the evaluation and justify the total technical scores assigned to each Proposal by describing the relative strengths and weaknesses of the Proposals. Large differences in the individual scores given to a Proposal for the same criterion or sub-criterion by different members shall be addressed and a justification shall be provided in the Technical Evaluation Report. In the case of contracts subject to prior review, the Technical Evaluation Report, including the detailed evaluation sheets of each committee member, shall be submitted to CDB for its review and no-objection. All records relating to the evaluation, such as individual score sheets, shall be retained in accordance with Paragraph 6.103 and Annex 2.

Opening of Financial Proposals

- 6.78 After the completion of the technical evaluation, Proposers whose Proposals did not meet the minimum qualifying technical score or were considered non-responsive to the RFP and TOR shall be informed of the outcome and their Financial Proposals will be returned unopened after the signature of the contract or conclusion of the procurement process. In addition, each of the unsuccessful Proposers shall be informed of their overall technical score as well as scores obtained for each criterion and sub-criterion if any. Simultaneously, Proposers that have secured the minimum overall technical score and are subsequently entitled to have their Financial Proposal opened under the relevant selection methods detailed in Section 8, shall be informed of the date, time, and place set for opening the Financial Proposals. The opening date shall be set allowing sufficient time for Proposers to make arrangements to attend the opening of the Financial Proposals. The Financial Proposals shall be opened in the presence of representatives of the Proposers who choose to attend (in person or online). The name of the Proposer, the technical scores, including the break down by criterion, and the offered total prices shall be read aloud (and posted online when electronic submission of Proposals is used) and recorded when the Financial Proposals are opened. The Recipient shall also prepare the minutes of the opening and a copy of this record shall be promptly sent to all Proposers whose Technical Proposals were considered responsive and achieved the minimum qualifying technical score and to CDB, in the case of prior review.

Evaluation of Cost

- 6.79 The Financial Proposals shall then be evaluated and compared in accordance with the following procedures. Prices shall be converted to a single currency selected by the Recipient (local currency or fully convertible foreign currency) as stated in the RFP. The Recipient shall make this conversion by using the selling (exchange) rates for those

currencies quoted by an official source (such as the Central Bank) or by a commercial bank or by an internationally circulated newspaper for similar transactions. The RFP shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of Proposals, nor later than the original date of expiration of the period of validity of the Proposal. For a time-based contract, any arithmetical errors shall be corrected, and prices shall be adjusted if they fail to reflect all inputs that are included in the respective technical proposals. For a lump-sum contract, the Proposer is deemed to have included all prices in its Financial Proposal, so neither arithmetical corrections nor price adjustments shall be made, and the total price, net of taxes understood as per Paragraph 6.81 below, included in the Financial Proposal shall be considered as the offered price.

- 6.80 For the purpose of evaluation, the offered prices shall exclude local identifiable indirect taxes on the contract and income tax payable to the country of the Recipient, on the remuneration of services rendered in the country of the Recipient by non-resident experts and other personnel of the Consultant. In exceptional circumstances, when indirect taxes cannot be fully identified by the Recipient when evaluating the Financial Proposals, CDB may agree that prices, for the purpose of evaluation only, include all taxes payable to the country of the Recipient. The offered total price shall include all of the Proposers' remuneration and other expenses such as travel, translation, report printing, or secretarial expenses.
- 6.81 The selection methods for Consulting Firms in Section 8 detail how the results of the quality and cost evaluations determine the selection of the Firm that shall be invited for negotiations or, in the absence of negotiations, awarded a contract. Prior to entering into negotiations or awarding a contract, where the contract is subject to prior review, the Recipient shall prepare a combined technical and financial evaluation report, using CDB's standard form of evaluation report or another form acceptable to CDB, and submit it to CDB for review and no-objection. All records relating to the evaluation shall be retained in accordance with Paragraph 6.103 and Annex 2.

Negotiations and Award of the Contract

- 6.82 Negotiations shall include discussions of the TOR, the methodology, Recipient's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract, lest the quality of the final product, its price, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the estimated cost or available budget. The final TOR and the agreed methodology shall be incorporated in the "Description of Services" which shall form part of the contract.
- 6.83 The selected Firm should not be allowed to substitute key experts, unless both parties agree that undue delays in the selection process make such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key experts were included in the Proposal without confirming their availability, the Firm may be disqualified and suspended or sanctioned, and the process continued with the next ranked Firm. The key experts proposed as substitutes shall have

qualifications equal to or better than the key experts initially proposed, and their fee rates shall not exceed those of the key experts originally proposed, as per the case during contract implementation.

- 6.84 Financial negotiations shall include clarification of the Proposers' tax liability in the Recipient's country (if any) and how this tax liability has been or would be reflected in the contract. As lump-sum contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (experts' time, overhead, travel, hotel, etc.). Consequently, if the selection method for a lump-sum contract included cost as a factor in the initial selection decision, the offered price shall not be negotiated, as detailed in Section 8. In the case of time-based contracts, payment is based on inputs (experts' time and reimbursables) and the offered price shall include experts' rates and an estimation of the amount of reimbursables. When the initial selection decision includes cost as a factor (see Selection Methods in Section 8), negotiations of experts' rates shall only take place in special circumstances, such as where experts' rates offered are much higher than typically charged rates by Consultants for similar contracts. Consequently, the prohibition of negotiation, in instances where the initial selection decision considers cost, does not preclude the right of the Recipient to ask for clarifications, and, if the fees are very high, to ask for their change, after due consultation with CDB, where prior review applies. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the Recipient wants to define ceilings for unit prices of certain reimbursables (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP.
- 6.85 If the negotiations with the highest ranked Proposer fail, the Recipient shall inform the concerned Proposer in writing of all pending issues and disagreements and provide them a final opportunity to respond in writing. If there is still disagreement, the Recipient shall inform the Proposer in writing of its intention to terminate negotiations. Negotiations may then be terminated after obtaining CDB's no-objection, in the case of prior review, and the next ranked Proposer invited for negotiations. The Recipient shall furnish to CDB for review the minutes of negotiations and all relevant communications, as well as the reasons for such termination. Once negotiations have commenced with the next ranked Firm, the Recipient shall not reopen the earlier negotiations.
- 6.86 After negotiations are successfully completed the Recipient shall promptly notify other Firms on the short list that they were unsuccessful. If the form of Contract to be entered into substantively changes as a result of negotiations from that previously reviewed by CDB a further no-objection shall be required from CDB, in the case of prior review.

Rejection of Proposals

- 6.87 RFPs shall provide that Recipients may reject all Proposals. Aside from situations necessitating, with CDB's agreement, changes to the Project that mean the procurement will no longer proceed, Recipients will be justified in rejecting all Proposals when: (i) all Proposals are non-responsive because they fail to respond to important aspects of the TOR or present major deficiencies in complying with the TOR in accordance with Paragraph 6.77; or (ii) all Proposals fail to achieve the minimum technical score specified

in the RFP; or (iii) if the offered price of the successful Proposal is substantially higher than the available budget or a recently updated cost estimate. In the latter case, as an alternative to re-invitation, the feasibility of increasing the budget, or scaling down the scope of services with the Firm should be investigated in consultation with CDB. However, in accordance with Paragraph 6.83, any substantial reduction in the scope of services will not be acceptable and will require a re-invitation. For a time-based contract, the number of person-months proposed by the Proposer may be negotiated, if it does not compromise quality or adversely affect the assignment. Even in such cases, the experts' rates shall not normally be negotiated, as per Paragraph 6.85.

- 6.88 Before all the Proposals are rejected and new Proposals are invited, the Recipient shall notify CDB, indicating the reasons for rejection of all Proposals, and shall obtain CDB's no-objection, in the case of prior review, before proceeding with the rejection and the new process. The new process may include revising the RFP, including the TOR, the short list and the budget. These revisions shall be agreed upon with CDB, in the case of prior review.

EXTENSION OF VALIDITY OF BIDS/PROPOSALS

- 6.89 Recipients shall seek to complete the evaluation of Bids/Proposals and award the contract within the initial period of Bid/Proposal validity so that extensions are not necessary. An extension of Bid/Proposal validity, if justified by exceptional circumstances, shall be requested in writing from all Bidders/Proposers before the expiration date. In the case of prior review, CDB's no-objection is needed if the extension of the Bid/Proposal validity period is for longer than four (4) weeks and for all subsequent requests for extension, irrespective of the period. 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 normally 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/Proposers shall not be requested or be permitted to change the quoted (base) price or other conditions of their Bid/Proposal. Bidders/Proposers shall have the right to refuse to grant such an extension. If the SPDs 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.

STANDSTILL PERIOD

- 6.90 When agreed in the Procurement Plan, and where relevant the Procurement Strategy, a standstill period may be utilised, whereby once the decision to award a contract has been made, Bidders and Proposers shall be informed of the Recipients intention to award a Contract and thus have the opportunity to make a complaint before the contract is concluded. A standstill period shall not be utilised where only one Bid/Proposal was submitted in an open competitive process, DS is used, for call-off processes among firms under framework agreements and in emergency situations recognised by CDB. CDB's SPDs shall be amended to include provisions acceptable to CDB for the standstill period.

- 6.91 Following the decision to award the contract, the Recipient shall promptly and simultaneously provide, by the quickest means available, and as further specified in the tender documents or RFP, written notification of their intention to award the contract to the successful Bidder/Proposer (Notice of Intention to Award). For contracts subject to prior review by CDB, the Recipient shall transmit the Notification of Intention to Award only after receiving CDB's no-objection, to the evaluation report. The Notice of Intention to Award shall include:
- (a) the name and address of the Bidder/Proposer submitting the successful Bid/Proposal;
 - (b) the names of all Bidders/Proposers who received Bidding Documents and those who submitted Bids/Proposals;
 - (c) for Goods, Works and Non-Consulting Services the contract price, or where the successful Bid was determined on the basis of rated criteria (where price and technical factors are rated), the contract price and the total combined score of the successful Bid and for Consulting Services the price offered by each Proposer and the overall technical scores and scores assigned for each criterion and sub-criterion to each Consultant, as well as where relevant the total combined scores;
 - (d) a statement of the reason(s) why the Bidder/Proposer was unsuccessful unless the information under Paragraph 6.91(c) already reveals the reason. The Recipient shall not divulge any other Bidder's/Proposer's confidential or proprietary information such as: cost break down, trade secrets, manufacturing processes and techniques, or other confidential business or financial information;
 - (e) instructions on how to request a debriefing and/or submit a complaint during the standstill period, as set out in the tender documents or RFPs; and
 - (f) the date the standstill period is due to end.
- 6.92 Transmission of the Recipient's Notification of Intention to Award begins the standstill period. The standstill period shall last ten (10) business days after such transmission date, unless otherwise extended in accordance with Paragraph 6.95. On receipt of the Recipient's Notification of Intention to Award an unsuccessful Bidder/Proposer has three (3) business days to make a written request to the Recipient for a debriefing in accordance with 6.101. The contract shall not be awarded either before or during the standstill period.
- 6.93 At the end of the standstill period, if the Recipient has not received any complaint from an unsuccessful Bidder/Proposer, the Recipient shall proceed to award the contract in accordance with its decision to award, as previously communicated through the Notification of Intention to Award. The Recipient shall inform the Bank within three (3) business days of such award.
- 6.94 If the Recipient does receive a complaint from an unsuccessful Bidder/Proposer within the standstill period, the Recipient shall not proceed with the contract award until the complaint

has been addressed, as set forth under Annex 3, Procurement-related Complaints. For contracts subject to prior review by CDB, the Recipient shall not proceed with the contract award without receiving CDB's confirmation of satisfactory resolution of complaint.

AWARD OF CONTRACT

- 6.95 The Recipient shall award the contract to the Bidder/Proposer offering the most advantageous Bid/Proposal, in accordance with the applicable selection method.

PUBLICATION OF THE AWARD OF THE CONTRACT

- 6.96 For all contracts, whether subject to CDB's prior or post review, the Recipient within two (2) weeks of awarding a contract shall publish a Contract Award Notice identifying the Bid/Proposer and lot numbers, where relevant, and the following information:

- (a) name of each Bidder/Proposer who submitted a Bid/Proposal;
- (b) Bid/Proposal prices as read out at Bid/Proposal opening;
- (c) name and evaluated prices of each Bid/Proposal that was evaluated;
- (d) name of Bidders/Proposers whose Bids/Proposals were rejected and the reasons for their rejection; and
- (e) name of the winning Bidder/Proposer, and the price it offered, as well as the duration and summary scope of the contract awarded.

- 6.97 The Contract Award Notice shall be published on the Recipient's website with free access, or, if not available, in at least one newspaper of national circulation in the Recipient's country, or in the official gazette. In the case of international or regional competitive procurement, the Contract Award Notice shall also be published by the Recipient on UNDB's website. For contracts subject to CDB's prior review, CDB will arrange the publication on its website in a form acceptable to CDB upon receipt from the Recipient of a conforming copy of the signed contract.

- 6.98 In the case of Framework Agreements, the publication requirement applies only to the conclusion of the Framework Agreement and not to the award of a call-off contract under the Framework Agreement. The Contract Award Notice shall be published on the Recipient's website with free access, or, if not available, in at least one newspaper of national circulation in the Recipient's country, or in the official gazette.

DEBRIEFING

- 6.99 In the publication of contract award, referred to in Paragraph 6.96, where a standstill period was not employed, the Recipient shall specify that any Bidder/Proposer who wishes to ascertain the grounds on which its Bid/Proposal was not selected, may request an explanation from the Recipient. The Recipient shall promptly provide an explanation of why such Bid/Proposal was not selected, either in writing and/or in a debriefing meeting,

at the option of the Recipient. The debriefing shall not include point-by-point comparisons with another Bid/Proposal and information that is confidential or commercially sensitive to other Bidders/Proposers. A written summary of each debriefing shall be included in the official procurement records and copied to CDB for contracts subject to prior review. The requesting Bidder/Proposer shall bear all the costs of attending such a debriefing.

- 6.100 Where a standstill period is employed and a request for debriefing is received within the deadline detailed in Paragraph 6.93, the Recipient is required to provide a debriefing within five (5) business days, unless the Recipient decides, for justifiable reasons, to provide the debriefing outside this timeframe. In that case, the standstill period shall automatically be extended until five (5) business days after such debriefing is provided. If more than one debriefing is so delayed, the standstill period shall not end earlier than five (5) business days after the last debriefing takes place. The Recipient shall promptly inform, by the quickest means available, all Bidders/Proposers of the extended standstill period. For contracts subject to prior review, the Recipient shall simultaneously send the information on the extended standstill period to CDB.
- 6.101 In the case of a standstill period, where a request for debriefing is received by the Recipient later than the deadline, specified in Paragraph 6.93, the Recipient should provide the debriefing as soon as practicable, and normally no later than fifteen (15) business days from the date of publication of Contract Award Notice. Requests for debriefing received outside the deadline detailed in Paragraph 6.93 shall not lead to an extension of the standstill period.

CONTRACT MANAGEMENT

- 6.102 The aim of contract management is to ensure that all parties meet their obligations. Contracts shall be actively managed by the Recipient throughout their life to ensure that Supplier or Contractor or Consultant performance is satisfactory, appropriate stakeholders are informed and all contract requirements are met (see Annex 7).

RECORDS

- 6.103 The Recipient shall retain all documentation with respect to each contract during Project implementation until two (2) years after the Project's Terminal Disbursement Date or for such other period indicated in the Financing Agreement. This documentation would include, but not be limited to:
- (a) whether the procurement process was subject to prior or post review all documentation that would be considered under prior review, in accordance with Annex 2, and related submissions from Bidders/Proposers, including prequalification applications, Expression of Interest (EOI), Bids, and Proposals, and pertinent associated communications and supporting documentation;

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

The Recipient shall furnish such documentation to CDB upon request for examination by CDB or by its consultants/auditors.

SECTION 7: APPROVED SELECTION METHODS FOR GOODS, WORKS, AND NON-CONSULTING SERVICES

INTRODUCTION

- 7.01 The following are CDB's approved selection methods for the procurement of Goods, Works and Non-Consulting Services. The selection method for each contract shall be detailed in the Procurement Plan in accordance with Paragraph 5.10.

OPEN COMPETITIVE BIDDING

Introduction

- 7.02 Open competitive Bidding, in accordance with CDB's Core Procurement Principles, is CDB's preferred approach to the procurement of Goods, Works and Non-Consulting Services and any other approach shall be justified by the Recipient. The following are recognised forms of open competitive Bidding:

International Competitive Bidding (ICB)

- 7.03 Open competitive Bidding, shall normally take the form of ICB above CDB's indicative monetary thresholds, detailed on CDB's website, to further competition and in turn VfM outcomes. It may be used below the relevant indicative threshold if it is deemed to be the appropriate selection method in the context of the Project, procurement and markets in question. ICB requires opportunities to be internationally advertised in accordance with Paragraph 6.15 and the use of CDB's SPDs in accordance with Paragraph 6.18.

Regional Competitive Bidding (RCB) and National Competitive Bidding (NCB)

- 7.04 Below the indicative threshold for ICB, opportunities may be unlikely to attract international Bidders because of the:
- (a) value of the contract;
 - (b) size and conditions of the market;
 - (c) activities being scattered geographically or spread over time; or

- (d) the Goods, Works or Non-Consulting Services being available locally at prices below the international market, and in such instances, it may be more appropriate to pursue an open approach to the regional¹⁷ or national market.
- 7.05 RCB or NCB may also be appropriate when the advantages of ICB are clearly outweighed by the administrative or financial burden involved. The decision on whether to utilise RCB or NCB will depend on the specifics of the Project, procurement and markets in question.
- 7.06 RCB and NCB require opportunities to be regionally or nationally advertised in accordance with Paragraph 6.15 and the use of SPDs in accordance with Paragraph 6.18.
- 7.07 If eligible non-regional Firms wish to participate in RCB or eligible foreign Firms in NCB, they are allowed to do so on the terms and conditions applied to regional or national Firms.

LIMITED BIDDING (LB)

- 7.08 LB is essentially competitive Bidding without open advertising where the approach to market is by invitation only. It may be appropriate where there are a limited number of Firms or other exceptional circumstances may justify a departure from open competitive Bidding.
- 7.09 LB may be restricted to the national market below the specific CDB indicative monetary thresholds, detailed on CDB's website, should there be a sufficient number of Firms in the market to ensure sufficient competition.

DIRECT SELECTION (DS)

- 7.10 DS does not provide the benefits of competition regarding quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, DS shall be used only in exceptional cases. The justification for DS shall be examined in the context of the overall interests of the client and the Project, and the Core Procurement Principles. However, it may be an appropriate method under the following circumstances if it presents a clear advantage over competition:
 - (a) an existing contract for Goods, Works or Non-Consulting Services, including a contract not originally financed by CDB, awarded in accordance with procedures acceptable to CDB, may be extended for additional Goods, Works or Non-Consulting Services 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) there is a justification to re-engage a Firm that has previously completed a contract, within the last twelve (12) months, with the Recipient to perform a similar type of contract. The justification shall show that:

¹⁷ Regional is defined as a Caribbean market consisting of all BMCs.

- (i) the Firm performed satisfactorily under the previous contract;
 - (ii) no advantage may be obtained by competition; and
 - (iii) the prices for the direct contracting are reasonable.
- (c) there has been an unsatisfactory response to competitive selection methods implemented in accordance with the Procedures and CDB is satisfied that no advantage could be obtained by further competition;
- (d) standardisation of Goods, to be compatible with existing Goods, may justify additional purchases from the original Firm. 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;
- (e) the required equipment is proprietary and/or obtainable only from one source;
- (f) the procurement of certain Goods from a particular Firm is essential to achieve the required performance or functional guarantee of equipment, Plant, or facility;
- (g) the procurement is both low value and low risk, as detailed in the Procurement Plan;
- (h) direct contracting of UN Agencies and similar international or regional organisations in accordance with Paragraph 7.20; and
- (i) in exceptional cases, such as in response to natural disasters or national emergencies both declared by the Recipient and recognised by CDB.

FORCE ACCOUNT

7.11 Force Account, which refers to Works, such as construction and installation of equipment, and Non-Consulting Services carried out by a department or unit of the Recipient using its own personnel and equipment, may be the only practical method of procurement under specific circumstances. A Works or Non-Consulting Services unit that is not managerially, legally, or financially autonomous from the Recipient is considered a Force Account unit. The use of Force Account requires that the Recipient apply the same rigorous quality checks and inspection as for contracts awarded to third parties. The use of force account may be justified where:

- (a) the quantities of construction and installation Works or Non-Consulting Services that are involved cannot be defined in advance;
- (b) the Works or Non-Consulting Services are small and scattered or in remote locations, so that qualified Firms are unlikely to Bid at reasonable prices;

- (c) the Works or Non-Consulting Services are required to be carried out without disrupting ongoing operations;
- (d) the risks of unavoidable work interruption are better borne by the Recipient than by the private sector;
- (e) as a matter of the Recipient's law or official regulations requirements such as Works or Non-Consulting Services related to national security or specialised Non-Consulting Services like aerial surveys and mapping should be carried out by specialised branches of the government;
- (f) urgent repairs are needed requiring prompt attention to prevent further damages; or
- (g) in exceptional cases, such as in response to natural disasters¹⁸ and national emergencies both declared by the Recipient and recognised by CDB.

PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS

Prequalification of Bidders

- 7.12 Prequalification may be appropriate 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 requirements and contracts to be let under turnkey, design and build, or management contracting. The Recipient shall obtain CDB's concurrence where it proposes to prequalify in other circumstances. This also ensures that ITBs 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) eligibility, experience and past performance on similar contracts;
 - (b) capabilities with respect to personnel, equipment, and construction or manufacturing facilities; and
 - (c) financial position.
- 7.13 The invitation to prequalify for Bidding on specific contracts or groups of similar contracts shall be advertised and notified as described in Paragraph 6.15 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. Unless otherwise agreed by CDB, given the specific circumstances of a procurement, all such applicants that meet the specified criteria shall be allowed to Bid. Recipients shall inform all applicants of the results of prequalification. As soon as prequalification is completed, the tender documents shall be made available to the

¹⁸ In such instances the exceptions to the Procurement Framework permitted under CDB's prevailing Disaster Management Strategy and Operational Guidelines shall apply.

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 the 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.

Post-Qualifications of Bidders

- 7.14 If Bidders have not been prequalified, the Recipient shall determine whether Bidders have 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 tender documents, and if the Bidder does not meet them, the Bid shall be rejected. In such an event, the Recipient shall make a similar determination for the next ranked Bidder and, if necessary, the subsequent ranked evaluated Bidder or Bidders, until a Bidder meets the criteria set out in the tender documents.

Two-Stage Bidding

- 7.15 In the case of turnkey contracts or contracts for large complex facilities or Works of a special nature or complex information and communication technology, it may be undesirable or impractical to prepare complete technical specifications in advance. The Recipient shall obtain CDB's concurrence as to the appropriateness of the facilities or Works for a two-stage Bidding procedure. In such a case, a two-stage Bidding procedure may be used, under which unpriced technical Bids, based on a conceptual design or performance specifications, are first invited, subject to technical as well as commercial clarifications and adjustments, to be followed by amended tender documents and the submission of final technical and financial offers in the second stage.
- 7.16 In revising the tender documents in the second stage the Recipient should respect the confidentiality of the Bidders' Technical Proposals used in the first stage, consistent with requirements of transparency and intellectual property rights.

E-Reverse Auctions

- 7.17 Electronic Reverse Auctions are a particular type of open competitive competition for Goods and Non-Consulting Services and start within a reasonable time after Firms that have been prequalified/registered and have met the minimum qualification criteria, receive information on:
- (a) the automated evaluation method that will be used to rank Bidders during the e-reverse auction; and
 - (b) any other relevant information on how the e-reverse auction is to be conducted, including clear instructions on how to access and participate in the auction.

- 7.18 Firms then place offers to provide the Goods or Non-Consulting Services and with sight of the other Bid prices can adjust their offers; until at the end of the auction, the Firm with the lowest Bid price is considered for award.
- 7.19 Auctions may be used when the Recipient's requirements are standardised in nature, unambiguously specified and there is adequate competition among Firms.

UN Agencies and International and Regional Organisations

- 7.20 There may be situations in which procurement directly from specialised UN Agencies and similar international or regional organisations, may be the most appropriate way of procuring, including for:
- (a) small quantities of specialised off-the-shelf Goods or Non-Consulting Services where there are limited number of providers in the market; and
 - (b) where such agencies are in a position to rapidly offer urgently needed assistance or where capacity constraints are significant.

The Recipient shall, where prior review applies, submit to CDB for its no-objection, a complete justification and the draft form of agreement with the UN Agency, international organisation or regional organisation. Where CDB has agreed a standard form of agreement with the organisation to be contracted this should be used by the Recipient unless otherwise agreed with CDB. CDB may agree that UN Agencies and other International and Regional Organisations follow their own procedures and eligibility requirements for the procurement of Goods or Non-Consulting Services.

Service Delivery Contractors

- 7.21 Projects may involve contracting individuals (but not as employees), to deliver Non-Consulting Services when appropriate in the context of the Project. Their selection may be carried out according to the Recipient's personnel hiring procedures, as reviewed and found acceptable by CDB. When the individuals who deliver such services are to be provided by Firms, the Firms shall be selected using appropriate selection methods and procedures specified in these Procedures.

Community Participation in Procurement

- 7.22 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 (NGOs) 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.

Commercial Practices

- 7.23 Commercial Practices refers to the use of well-established procurement arrangements used by the private sector (normally entities not subject to the Recipient's public procurement law), for the procurement of Goods, Works, or Non-Consulting Services. Private sector commercial practices, acceptable to CDB, may be utilised by the private sector. Contracts resulting from commercial practices should reflect prevailing market prices. Commercial Practices may also apply for a programme of imports undertaken by private sector entities (as specified in Paragraph 7.25). Where Commercial practices are employed there shall be no restrictions on country eligibility.

Programme of Imports and Procurement of Commodities

- 7.24 Where the Financing Agreement provides Financing for a programme of imports handled by the Recipient's public-sector entities, where open competitive Bidding is deemed appropriate, the ICB or RCB selection methods, with simplified advertising and currency articles, may be used for large-value contracts, as defined in the Procurement Plan and Procurement Strategy if applicable. The simplified articles for notification do not require a GPN. Bidding and payment may be limited to one (1) currency widely used in international trade. For smaller contracts identified in the Procurement Plan, and Procurement Strategy if applicable, the Recipient's public-sector entities may procure the imports using the applicable procedures of the public sector entity handling the imports, if acceptable to CDB.
- 7.25 When a private sector entity handles the procurement of imports, established commercial practices, may be applied (see Paragraph 7.23).
- 7.26 Pre-shipment inspection and certification of imports is one of the risk mitigation measures for the Recipient, particularly for a large import programme. The inspection and certification usually cover quality, quantity and reasonableness of price. Imports procured using the ICB or RCB selection methods may not be subject to price verification, but only verification of quality and quantity. However, imports procured using less competitive methods than the ICB or RCB method may additionally be subjected to price verification. Physical inspection services may also be included.
- 7.27 Procurement of commodities refers to procuring items such as grain, animal feed, cooking oil, fertilizer, or metals. The procurement of commodities often involves multiple awards for partial quantities to assure security of supply, and multiple purchases over a period of time to take advantage of favourable market conditions and to keep inventories low.

Procurement in Loans to Financial Intermediaries

- 7.28 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, micro, small and medium enterprises, or autonomous commercial enterprises in the public sector for the partial Financing of sub-projects, the procurement can be undertaken by the respective beneficiaries in accordance with established private sector or commercial practices, which are acceptable to CDB. However, should CDB Financing be re-lent to entities subject to public procurement legislation and regulations the beneficiaries in question shall conform to the prevailing laws and regulations.

Public-Private Partnerships (PPPs)

- 7.29 A PPP is a long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility and remuneration is linked to performance.
- 7.30 CDB may finance the cost of a Project or a contract procured under PPP arrangements, Build, Own, Operate, Build, Operate, Transfer, Build, Own, Operate, Transfer concessions or similar types of private sector arrangements, if the selection procedures:
- (a) are fit-for-purpose and reflect VfM through the application of CDB's Core Procurement Principles; and
 - (b) are consistent, as appropriate, with the requirements set out in the Procedures.
- 7.31 The private partner selected, in accordance with Annex 8, Public-Private Partnerships, then procures the Goods, Works and related services, using its own procedures.
- 7.32 For further details on PPP procurement arrangements see Annex 8, Public-Private Partnerships.

TYPES OF CONTRACTUAL ARRANGEMENTS

- 7.33 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.
- 7.34 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 and for the Works.

- 7.35 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 optimum VfM to the Recipient.
- 7.36 In certain cases, CDB may accept or require a turnkey or design-build 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 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.
- 7.37 Required for the Project component. Design and build, and management contracting¹⁹ contracts are also acceptable where appropriate.

Performance-Based Procurement

- 7.38 Performance-Based Procurement, also called Output-Based Procurement (OBP), refers to competitive procurement processes 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 tender 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 tender documents will be achieved.
- 7.39 Performance-Based Procurement (or OBP) can involve:
- (a) the provision of services to be paid based on outputs;
 - (b) design, supply, construction (or rehabilitation) and commissioning of a facility to be operated by the Recipient; 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

¹⁹ 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, but does not take on such risks. (If financed by CDB, the services of the construction manager should be procured using the relevant selection method for Consulting Services).

commissioning.²⁰ For the cases where design, supply and/or construction are required, pre-qualification is normally required, and the use of two-stage Bidding as indicated in Paragraphs 7.15 and 7.16 shall apply.

- 7.40 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 and the Procurement Strategy, if applicable.

Framework Agreements

- 7.41 A Framework Agreement is an agreement with one or more Firms that establishes the terms and conditions that will govern any contract awarded during the term of the Framework Agreement (a call-off contract). The terms and conditions will usually include the fee rate, charge rate or pricing mechanism. Framework Agreements may be established for the anticipated procurement of Goods, Works, or Non-Consulting Services, as and when required, over a specified period of time. A Framework Agreement does not commit either party to procure or supply. Once established, a Framework Agreement provides a fast and efficient way to procure Goods, Works or Non-Consulting Services. A multi-provider Framework Agreement allows a Recipient to select from several Firms, helping to ensure that each procurement represents best VfM.
- 7.42 Framework Agreements may be appropriate for the procurement of Goods, Works, or Non-Consulting Services under the following circumstances:
- (a) where frequent reordering is based on the same, or similar requirements, or set of specifications;
 - (b) where different entities of the Recipient procure the same Goods, Works, or Non-Consulting Services, and aggregating the demand could lead to volume discounts;
 - (c) when planning for Emergency Situations; or
 - (d) where no single Firm is considered to have sufficient capacity.

For further details see Annex 9 - Framework Agreements.

²⁰ 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; (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.

SECTION 8: APPROVED SELECTION METHODS FOR CONSULTING SERVICES

- 8.01 The following are CDB's approved selection methods for Consulting Services provided by Firms and Individual Consultants.²¹ Firms and Individual Consultants are not permitted to compete against each other to provide Consulting Services and the selection method utilised will determine whether Firms or Individual Consultants are eligible to compete. In accordance with CDB's Core Procurement Principles, it is recognised that VfM in Consulting Services is generally driven by quality rather than price. The selection method for each contract shall be detailed in the Procurement Plan in accordance with Paragraph 5.10.

SELECTION METHODS FOR CONSULTING SERVICES PROVIDED BY FIRMS UTILISING SHORT-LISTING

Introduction

- 8.02 The following selection methods involve competition amongst qualified short-listed Consulting Firms where the selection decision is determined by the quality offered through a Technical Proposal, and, where appropriate, the cost offered, through a Financial Proposal. RFPs, that reflect the requirements for SPDs set out in Paragraph 6.18, are issued to short-listed Proposers. Proposers shall prepare their Technical and Financial Proposals in accordance with the instructions in the RFP.
- 8.03 REOIs shall be published, in accordance with Paragraph 6.16–6.17, to facilitate the submission of EOIs used for short-listing. REOIs shall at a minimum include the following information applicable to the assignment: required qualifications and experience but not individual experts' bio data; short-listing criteria; and conflict of interest provisions. A suitable period of time from date of publication shall be provided for responses before preparation of the Shortlist. The late submission of a response to a REOI shall not be a cause for its rejection unless the Recipient has already prepared a Shortlist, based on received EOIs that meets the conditions set below in Paragraph 8.04.
- 8.04 Unless otherwise agreed by CDB, Shortlists shall comprise not less than three (3) nor more than six (6) Firms with representation from at least two (2) different member countries, and at least one (1) Firm from a BMC, unless no qualified Firms fulfilling these criteria can be identified.
- 8.05 When a Shortlist of three (3) cannot be achieved, Recipient may directly solicit interest from qualified Firms based on its own knowledge, or request CDB's assistance in providing details of potential Consultants. The provision of such information does not represent an endorsement of the Consultants. The Recipient retains the responsibility to verify the eligibility and qualifications of the listed Consultants and may delete any name or add other names as it wishes; however, where prior review applies, the final Shortlist shall be submitted to CDB for its no-objection before the Recipient issues the RFP.

²¹ Sole proprietorships shall be deemed as equivalent to an individual consultant.

- 8.06 Exceptionally, CDB may agree to Shortlists comprising a smaller number of Firms, in no case less than two (2), when there are not enough qualified Firms having expressed interest for the specific assignment, when enough qualified Firms could not be identified, or when the size of the contract or the nature of the assignment does not justify wider competition. Once CDB has issued a no-objection to a Shortlist, the Recipient shall not modify it without CDB's no-objection. Firms that expressed interest, as well as any other eligible Firm that specifically requests so, shall be provided the final Shortlist of Firms by the Recipient once the RFP has been issued.
- 8.07 The Shortlist may comprise entirely of national Proposers (Firms registered or incorporated in the country), if the estimated cost of the assignment is below the ceiling (or ceilings) established in the Procurement Plan that has received CDB's no-objection, a sufficient number of qualified national Firms is available for having a Shortlist of Firms with competitive costs, and when competition including foreign Proposers is *prima facie* not justified or foreign Proposers have not expressed interest. However, if foreign Firms express interest, they shall be considered.
- 8.08 The Shortlist should normally comprise Proposers of the same category with similar business objectives, corporate capacity, experience and field of expertise, and that have undertaken assignments of a similar nature and complexity. Government-owned enterprises or institutions, NGOs and international and regional organisations (including Universities, UN Agencies, etc.) should not normally be included in the same Shortlist along with private sector Firms, unless they operate as commercial entities meeting the requirements set out in the Procedures. If "mixing" is used, the selection should normally be made using Quality-Based Selection (QBS) or Selection Based on the Consultants' Qualifications (CQS).
- 8.09 If the same Firm is considered for inclusion in Shortlists for concurrent assignments, the Recipient shall assess the Firm's overall capacity to perform multiple contracts before including it in more than one Shortlist.

Quality and Cost-based Selection (QCBS)

- 8.10 QCBS is a competitive process among short-listed Firms. The Recipient shall issue short-listed Firms an RFP, which includes a Letter of Invitation, TOR and form of Contract, to submit Proposals. In response to the RFP Proposers shall prepare Technical and Financial Proposals, which shall be submitted at the same time in two (2) separate sealed envelopes and opened in accordance with Paragraphs 6.68, 6.69, 6.70 and 6.79.
- 8.11 QCBS considers the quality of the Proposal and the cost of the services in the selection of the successful Firm, in accordance with Annex 5. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment and clearly stated in the RFP. The weight for cost shall normally be twenty (20) points out of a total score of hundred (100) but shall reflect the specific circumstances of the selection process.

- 8.12 The total score shall be obtained by weighting the quality and cost scores and adding them. The Firm obtaining the highest total score shall be invited for negotiations. The publication of the Award of Contract shall be in accordance with Paragraphs 6.97– 6.99.

Quality-Based Selection (QBS)

- 8.13 QBS is appropriate for the following types of assignments:
- (a) complex or highly specialised assignments for which it is difficult to define precise TOR and the required input from the Consultants, and for which the client expects the Proposers to demonstrate innovation in their Proposals (for example, country economic or sector studies, multi-sectoral feasibility studies, design of a hazardous waste remediation Plant or of an urban master plan, financial sector reforms);
 - (b) assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and
 - (c) assignments that can be carried out in substantially different ways, such that Proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).
- 8.14 In QBS, the RFP may request submission of a Technical Proposal only (without the Financial Proposal), or request submission of both Technical and Financial Proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated time of key experts, specifying that this information is given as an indication only and that Proposers shall be free to propose their own estimates.
- 8.15 If Technical Proposals alone were invited, after evaluating the Technical Proposals using the same methodology as in QCBS, the Recipient shall ask the Proposer with the highest ranked Technical Proposal to submit a detailed Financial Proposal. The Recipient and the Proposer shall then negotiate the Financial Proposal and the contract. Financial negotiations under QBS include negotiations of all Proposer’s remuneration and other expenses. All other aspects of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract except that only the contract price of the winning Firm is published. If Proposers were requested to provide Financial Proposals initially together with the Technical Proposals, safeguards shall be built in as in QCBS to ensure that the Financial Proposal of only the selected Firm is opened and the rest returned unopened, after the negotiations are successfully concluded. The award of the Contract shall be published as described in Paragraphs 6.97–6.99.

Fixed Budget Selection (FBS)

- 8.16 This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the Proposers to provide their best Technical and Financial Proposals in separate envelopes, within the budget. The TOR should be particularly well prepared to make sure that the budget is sufficient for the Consultants to perform the expected tasks. The RFP should clearly indicate whether the budget includes taxes or levies payable in the Recipient country. The evaluation of all Technical Proposals shall be carried out first as in the QCBS method. Then the Financial Proposals shall be opened as stipulated in Paragraph 6.79. Proposals that exceed the indicated budget shall be rejected. The Proposer who has submitted the highest ranked Technical Proposal among the rest shall be selected and invited to negotiate a contract. The award of the Contract shall be published as described in Paragraphs 6.97–6.99.

Least-Cost Selection

- 8.17 This method is generally appropriate for selecting Consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex Works, and so forth) where well established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established. Proposals, to be submitted in two envelopes, are invited from a shortlist. Technical Proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the Financial Proposals of the rest shall be opened as stipulated in Paragraph 6.79. The Firm with the lowest price shall then be selected. Under this method, the minimum qualifying mark shall be established, understanding that all Proposals above the minimum compete only on “cost.” The minimum qualifying mark shall be stated in the RFP. The award of Contract shall be published as per Paragraphs 6.97–6.99.
- 8.18 This method shall not be used as a substitute for QCBS and shall be used only for the specific cases of very standard and routine technical nature where the intellectual component is minor. For this method, the minimum qualifying mark shall be seventy (70) points or higher out of a maximum score of hundred (100).

SELECTION METHODS FOR CONSULTING SERVICES PROVIDED BY FIRMS NOT UTILISING SHORT-LISTING

Selection based on the Consultants Qualifications (CQS)

- 8.19 This method may be used for small assignments²² for which the need for issuing an RFP and preparing and evaluating competitive Proposals is not justified. In such cases, the Recipient shall prepare the TOR and obtain EOIs that include information on Proposers’ experience and qualifications, through a REOI or by invitation as may be needed, from as

²² The indicative monetary threshold for the use of CQS, excluding post-disaster emergency situations, is detailed on CDB’s website. Based on the specifics of the contract or project CDB may agree to the use of CQS above this threshold on a case by case basis.

many Firms as possible, and, unless CDB's no-objection otherwise is provided, at least three (3) qualified Firms with relevant experience.

- 8.20 Firms having the required experience and competence relevant to the assignment shall be assessed and compared, and the best qualified and experienced Firm shall be selected. Only the selected Firm shall be asked to submit a combined Technical and Financial Proposal and, if such Proposal is responsive and acceptable, be invited to negotiate a contract. Both technical and financial aspects of the Proposal may be negotiated. If the negotiations fail with the selected Firm, the provisions of Paragraph 6.86 apply. The minutes of negotiations should be prepared and signed by both parties. Awards of Contracts shall be published as per Paragraphs 6.97–6.99.

Direct Selection (DS)

- 8.21 The DS of Consultants does not provide the benefits of competition regarding quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, DS shall be used only in exceptional cases. The justification for DS shall be examined in the context of the overall interests of the client and the Project, and CDB's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified Consultants.
- 8.22 DS may be appropriate in the following cases, and only if it presents a clear advantage over competition:
- (a) an existing contract for Consulting Services, including a contract not originally financed by CDB, awarded in accordance with procedures acceptable to CDB, may be extended for additional Consulting Services of a similar nature, if it is properly justified, no advantage may be obtained by competition, and the prices are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract;
 - (b) for tasks that represent a natural continuation of previous work carried out by a Consultant within the last twelve (12) months, where continuity in the technical approach, experience acquired, and continued professional liability of the same Consultant may make continuation with the initial Consultant preferable to a new competition, if performance has been satisfactory in the previous assignment(s);
 - (c) there has been an unsatisfactory response to competitive selection methods implemented in accordance with the Procedures and CDB is satisfied that no advantage could be obtained by further competition;
 - (d) the procurement is both very low value and low risk as agreed in the Procurement Plan;
 - (e) when only one Firm or organisation is qualified or has experience of exceptional worth for the assignment;

- (f) in cases of DS of UN Agencies and similar international or regional organisations in accordance with Paragraph 8.24; and
- (g) in exceptional cases, such as in response to natural disasters and national emergencies both declared by the Recipient and recognised by CDB.²³

In all such cases, the Recipient is not required to issue an RFP and the use of DS shall be detailed in the Procurement Plan.

PARTICULAR TYPES OF APPROVED SELECTION ARRANGEMENTS FOR CONSULTING SERVICES PROVIDED BY FIRMS

Commercial Practices

- 8.23 The same provisions apply as those for Goods, Works and Non-Consulting Services in Paragraph 7.23.

UN Agencies and International and Regional Organisations

- 8.24 Agencies of the UN and other international and regional organisations may be contracted directly by Recipients when they are uniquely or exceptionally qualified to provide technical assistance and advice in their area of expertise. The Recipient shall, where prior review applies, submit to CDB for its no-objection a complete justification and the draft form of agreement with the UN Agency, international organisation or regional organisation. Where CDB has agreed a standard form of agreement with the organisation to be contracted this should be used by the Recipient unless otherwise agreed with CDB. CDB may agree that UN Agencies and other international and regional organisations follow their own procedures and eligibility requirements for the selection of their sub-Consultants and individual experts, and the supply of the minimum necessary Goods to perform the contract. They shall not receive any preferential treatment when they participate in a competitive selection process, except that Recipients may accept the privileges and immunities granted to the UN Agencies or international or regional organisations and their staff under existing international or regional conventions and may agree with UN Agencies or international or regional organisations on special payment arrangements required according to the agency's charter, provided these are acceptable to CDB. To neutralise the privileges of such organisations, as well as other advantages such as tax exemption and facilities, and special payment provisions, the QBS method, or the CQS method for small assignments, shall be used.

Non-Governmental Organisations (NGOs)

- 8.25 NGOs are not for profit organisations that may be uniquely qualified to assist in the preparation, management, and implementation of Projects, essentially because of their involvement and knowledge of local issues, community needs, and/or participatory approaches. NGOs may be included in the Shortlist if they express interest and provided

²³ In such instances the exceptions to the Procurement Framework permitted under CDB's prevailing Disaster Management Strategy and Operational Guidelines shall apply.

that the Recipient and CDB are satisfied with their qualifications. For assignments that emphasise inclusivity, participation and considerable local knowledge, the Shortlist may comprise entirely NGOs. If so an appropriate selection method, based on the nature, complexity and size of the assignment, from the Procedures shall be followed, and the evaluation criteria shall reflect the unique qualifications of NGOs, such as local knowledge, understanding of social issues, operational capabilities, and reputation. Recipients may select the NGO on a DS basis, provided the criteria outlined in Paragraphs 8.21 and 8.22 are fulfilled.

Procurement Agents (PAs)

- 8.26 When a Recipient lacks the necessary organisation, resources, or experience, it may be efficient and effective for it to employ, as its agent, a Firm that specialises in handling procurement. When PAs are specifically used as “agents” handling the procurement of specific items and generally working from their own offices, they are usually paid a percentage of the value of the procurements handled, or a combination of such a percentage and a fixed fee. In such cases PAs shall be selected using QCBS procedures with cost being given a higher weighting than that detailed in Paragraph 8.11. However, when PAs provide only advisory services for procurement or act as “agents” for a whole Project in a specific office for such Project, they are usually paid on a time basis, and in such cases, they shall be selected following the appropriate procedures for other consulting assignments using QCBS procedures and time-based contracting, specified in these Procedures. The agent shall follow all the procurement procedures outlined in the Financing Agreement and in the Procurement Plan, and if relevant the Procurement Strategy, approved by CDB on behalf of the Recipient, including use of CDB’s Standard RFPs, review procedures, and documentation.

Inspection Agents

- 8.27 Recipients may wish to employ inspection agencies to inspect and certify Goods prior to shipment or on arrival in the Recipient country. The inspection by such agencies usually covers the quality and quantity of the Goods concerned and reasonableness of price. Inspection agencies shall usually be selected using QCBS procedures giving cost a weight up to fifty (50) percent and using a contract format with payments based on a percentage of the value of Goods inspected and certified.

Banks

- 8.28 Investment and commercial banks, financial Firms, and fund managers hired by Recipients for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatisation operations, shall usually be selected under QCBS. The RFP shall specify selection criteria relevant to the activity, for example, experience in similar assignments or network of potential purchasers and the cost of the services. In addition to the conventional remuneration (called a “retainer fee”), the compensation includes a “success fee”; this fee can be fixed but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The RFP shall indicate that the cost evaluation will take into account the success fee, either in combination with the retainer fee or alone. If alone, a standard retainer fee shall be

prescribed for all short-listed Proposers and indicated in the RFP, and the financial scores shall be based on the success fee. For the combined evaluation (notably for large contracts), cost may be accorded a weight higher than recommended in Paragraph 8.11. The RFP shall specify clearly how Proposals will be presented and how they will be compared.

Auditors

- 8.29 Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They shall be selected according to QCBS, with cost as a substantial selection factor or by the “Least-Cost Selection” outlined in Paragraphs 8.17 and 8.18. For small assignments, the CQS method may be used.²⁴

Project Implementation Support Personnel

- 8.30 Project implementation staff, individuals contracted under CDB Financing by the Recipient to support Project implementation, other than individual consulting positions identified in the Legal Agreement, may be selected by the Recipient according to its personnel hiring procedures for such activities, as reviewed and found acceptable by CDB.

TYPES OF CONTRACTS AND IMPORTANT PROVISIONS

Lump Sum Contract

- 8.31 This type of standard form of contract for Consultants is used mainly for assignments in which the scope and the duration of the services and the required output of the Consultants are clearly defined. It is widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables) such as reports, drawings, bills of quantities, tender documents, and software programmes. The contract shall include a fixed price for the activities to be carried out by the Consultant and shall not be subject to any price adjustment, except as provided in Paragraph 10 of Annex 6. Lump sum contracts are easy to administer because they operate on the principle of fixed price for a fixed scope, and payments are due on clearly specified outputs and milestones.

Time-Based Contract

- 8.32 This type of contract is appropriate when it is difficult to define or fix the scope and the duration of the services, either because they are related to activities carried out by others for which the completion period may vary, or because the input of the Consultants required for attaining the objectives of the assignment is difficult to assess. It is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for experts (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for experts include remuneration, social

²⁴ Further guidance can be found in CDB’s prevailing Financial Reports and External Audit Handbook for CDB Financed Projects and/or the Financial Management Guidelines for CDB Financed Projects.

costs, overhead, profit, and, where appropriate, special allowances. The contract shall include a ceiling amount of total payments to be made to the Consultants. This ceiling amount should include a contingency allowance for unforeseen services and duration, and a provision for price adjustment for inflation as provided in Paragraph 10 of Annex 6. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and that payments claimed by the Consultants are appropriate.

Retainer and/or Contingency (Success) Fee Contracts

- 8.33 Retainer and contingency fee contracts are widely used when Consultants (banks or financial firms) are preparing companies for sales or mergers of firms, notably in privatisation operations. The remuneration of the Consultant includes a retainer and a success fee, the latter being normally expressed as a percentage of the sale price of the assets.

Percentage Contracts

- 8.34 These contracts are commonly used for procurement and inspection agents. Percentage contracts directly relate the fees paid to the Consultant to the estimated or actual Project construction cost, or the cost of the Goods procured or inspected. The contracts are negotiated on the basis of market norms for the services and/or estimated person-month costs for the services, or competitively Bid. It should be borne in mind that in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discouraged. Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services (but not for example Works supervision).

Framework Agreements

- 8.35 Framework agreements are used when Recipients need to have quick and continuing access to “on call” specialised advisory services for a particular activity, the extent and timing of which cannot be defined in advance. Framework agreements are commonly used to retain “advisers”, expert adjudicators, members of panels, or experts to participate in the design or implementation of sub-projects or complex tasks during the execution of CDB-financed Projects (for example dam panel, dispute resolution boards institutional reforms, procurement advice, technical troubleshooting, evaluation of safeguard issues, and so forth), normally for a period of at least a year. The services are offered by qualified Firms through a list of proposed experts they commit to make available in letters of intent in response to a REOI setting selection criteria focusing on the relevant qualifications and expertise of the required experts. Recipients shall then establish a Long List of qualified experts. The Recipient and the Firms agree on pre-established fee rates to be paid for the experts and on standard contract conditions, and payments are made based on the time actually spent. Experts shall be selected from the Long List based on a “call off” request with specific TOR for the assignment, based on the qualitative evaluation/comparison of the curricula vitae of the proposed experts or the fees level, and a specific contract is signed for each assignment. For details see Annex 9, Framework Agreements.

SELECTION OF INDIVIDUAL CONSULTANTS

- 8.36 Individual Consultants are employed on assignments for which (a) a team of experts is not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the Individual Consultant are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a Firm. When qualified, Individual Consultants are unavailable or cannot sign a contract directly with a Recipient due to a prior agreement with a Firm, the Recipient may invite Firms to provide qualified Individual Consultants for the assignment.
- 8.37 Advertisement for seeking EOIs is encouraged, particularly when the Recipient does not have knowledge of experienced and qualified Individual Consultants or of their availability, or the services are complex, or there is potential benefit from wider advertising, or if it is mandatory under national law. It may not, however, be required in all cases, and should not normally take place for low value contracts. All invitations for EOIs should specify selection criteria that are solely based on experience and qualifications. When Firms are invited to propose Individual Consultants, EOIs shall clarify that only the experience and qualifications of Individual Consultants shall be used in the selection process, and that their corporate experience shall not be taken into account and specify whether the contract would be signed with the Firm or the proposed Individual Consultants.
- 8.38 Individual Consultants are selected based on their relevant experience, qualifications, and capability to carry out the assignment. They do not need to submit Proposals and shall be considered if they meet minimum relevant requirements which shall be determined by the Recipient on the basis of the nature and complexity of the assignment and assessed on the basis of academic background and relevant specific experience, and, as appropriate, knowledge of local conditions such as national language, culture, administrative systems and government organisation. The selection shall be carried out through the comparison of the relevant overall capacity of at least three (3) qualified candidates among those who have, directly or through a Firm, expressed interest in the assignment or have been approached directly by the Recipient. Individual Consultants selected to be employed by the Recipient shall be the most experienced and best qualified and shall be fully capable of carrying out the assignment. The Recipient shall negotiate a contract with the selected Individual Consultant or the Firm as the case may be, after reaching agreement on satisfactory terms and conditions of the contract, including reasonable fees and other expenses.
- 8.39 The selection of Individual Consultants is normally not subject to prior review. The Recipient shall, however, obtain CDB's no-objection: (a) when it has not been able to compare at least three (3) qualified candidates before hiring, in which case it shall provide the reasons; (b) before it invites Firms to offer the services of Individual Consultants as per Paragraph 8.36; and (c) in case of DS as per Paragraph 8.42.
- 8.40 CDB may also require prior review of the selection of certain categories of Individual Consultants. This may include those being hired for long-term technical assistance or advisory services for the duration of the Project and those being hired for legal Work or

Project-related procurement activities. The prior review of TOR of Individual Consultants by CDB is mandatory except as may be determined for limited, simple and low-value assignments.

- 8.41 When a contract is signed with a Consulting Firm to provide Individual Consultants, either its permanent staff or Associates or other experts it may recruit, the conflict of interest provisions described in the Procedures shall apply to the parent Firm. No substitution of any Individual Consultant who was initially proposed and evaluated shall be permitted, and in such a case, the contract will be signed with the next ranked Individual Consultant.
- 8.42 Individual Consultants may be selected on a DS basis with due justification in exceptional cases such as:
- (a) tasks that are a natural continuation of previous work that the Consultant has carried out satisfactorily and for which the Consultant was selected competitively;
 - (b) assignments with total expected duration of less than six (6) months;
 - (c) urgent situations related to responding to natural disasters or national emergencies both declared by the Recipient and recognised by CDB; and
 - (d) when the Individual Consultant has relevant experience and qualifications of exceptional worth to the assignment or is the only qualified candidate.
- 8.43 The Recipient shall submit to CDB for its review and no-objection, the TOR of the assignment, a sufficiently detailed justification, including the rationale for DS instead of a competitive selection process and the basis for recommending a particular Individual Consultant in all such cases, except for contracts below a threshold defined on the basis of risks and the scope of the Project, and set forth in the Financing Agreement and/or Procurement Plan/Procurement Strategy, where relevant.
- 8.44 An Individual Consultant may also be engaged by DS and paid a limited honorarium, which shall generally not exceed USD5,000, when his/her services, in subject areas where he/she is an acknowledged expert, are required at fora such as Workshops, seminars or conferences. There shall be no country eligibility restrictions for Individual Consultants who receive honorariums.

MEMBERS OF THE BANK

REGIONAL MEMBERS

1. Anguilla
2. Antigua and Barbuda
3. Bahamas
4. Barbados
5. Belize
6. British Virgin Islands
7. Cayman Islands
8. Dominica
9. Grenada
10. Guyana
11. Haiti
12. Jamaica
13. Montserrat
14. Saint Kitts and Nevis
15. Saint Lucia
16. Saint Vincent and the Grenadines
17. Suriname
18. Trinidad and Tobago
19. Turks and Caicos Islands

OTHER REGIONAL MEMBERS

1. Brazil
2. Colombia
3. Mexico
4. Venezuela

NON-REGIONAL MEMBERS

1. Canada
2. China
3. Germany
4. Italy
5. United Kingdom

PROCUREMENT OVERSIGHT BY CDB

PURPOSE

1. This Annex outlines CDB's procurement oversight function in discharging its fiduciary responsibilities. CDB exercises procurement oversight through a risk-based approach comprising prior and post reviews of the Recipient's procurement activities and such independent reviews, as per Paragraph 5.03, as CDB considers necessary.
2. Procurement oversight arrangements for APAs are those agreed in the respective Legal Agreement.

SCHEDULING OF PROCUREMENT

3. CDB shall prior review the procurement arrangements proposed by the Recipient in the Procurement Plan, and where relevant the Procurement Strategy, for its conformity with the Financing Agreement, the Procurement Framework and the Project Implementation Plan. The Procurement Plan shall cover an initial period of at least twelve (12) months. The Recipient shall update the Procurement Plan, and where relevant the Procurement Strategy, on an annual basis or more frequently as needed always covering at least the next twelve (12) months period of Project implementation. Any revisions proposed to the Procurement Plan, or where relevant the Procurement Strategy, shall be furnished to CDB for its prior approval.
4. In a similar manner the GPN and all subsequent revisions shall be furnished to CDB for its prior review.

PRIOR REVIEW

5. Where prior review applies the following, as applicable, are subject to review by CDB on a contract basis:
 - (a) The SPN, including Invitation to Prequalification, ITB and REOI as appropriate.
 - (b) If Prequalification is used, the Invitation to Prequalification document, (including any amendments) and the prequalification evaluation report. For Consulting Services, the Shortlist assessment report. As requested, the Recipient shall provide CDB with copies of the prequalification applications and EOIs and related documents to support the review process.
 - (c) The ITB/RFP documents, or equivalent, along with the proposed form of contract, including any amendments to them.
 - (d) The first request by the Recipient to Bidders/Proposers to extend the Bid/Proposal validity period, if it is longer than four (4) weeks, and all subsequent requests for extension, irrespective of the period.

- (e) The Bid/Proposal evaluation report and recommendations for contract award, including documents demonstrating that any procurement complaints have been addressed to the satisfaction of CDB. In two-envelope or multistage selection processes, the Recipient submits the Bid/Proposal evaluation report for each envelope/stage for CDB's prior review and no-objection before proceeding to the next stage of the procurement process. If requested the Recipient shall provide CDB with copies of the Bids and Proposals and related documents to support the review process.
 - (f) All requests for cancellation of a procurement process and/or rebidding/re-invitation of Bid/Proposals.
 - (g) If, after CDB's prior review and no-objection, analysis of a complaint leads the Recipient to change its contract award recommendation, it submits for CDB's no-objection the reasons for that decision and a revised evaluation report. If the procurement process involves negotiations between the Recipient and Bidder/Proposer, the minutes of negotiation and draft contract initialled by other parties. If a probity audit was required, the minutes of negotiation should be submitted with the probity audit report.
- 6. If requested by CDB, the Contract Management Plan, including the Key Performance Indicators (KPIs); also, if requested by CDB, ongoing reports of progress based on the agreed KPIs.
 - 7. One conformed copy of the contract, and of the advance payment security and the performance security if they were requested, and any required insurance policies, shall be furnished to CDB promptly after contract signing and prior to the making of the first payment.
 - 8. The terms and conditions of a contract shall not, without CDB's prior review and no-objection, materially differ from those on which Bids/Proposals were requested or Prequalification/Short-listing, if any, was invited.

MODIFICATIONS OF THE SIGNED CONTRACT

- 9. For contracts subject to prior review the Recipient should seek CDB's no-objection before:
 - (a) an extension of the stipulated time for execution of a contract that has an impact on the planned completion of the Project;
 - (b) any material modification of the scope of the Works, Goods, Non-Consulting Services or Consulting Services, or other significant changes to the terms and conditions of the contract; or

- (c) any variation order or contract amendment (except in cases of extreme urgency), including due to extension of time, that singly or combined with all previous variation orders or amendments, increases the original contract amount by more than fifteen (15) percent; or
 - (d) the proposed suspension or termination of the contract.
10. If CDB determines that the proposed modifications would be inconsistent with the provisions of the Financing Agreement and/or Procurement Plan (or Procurement Strategy where relevant), it shall promptly inform the Recipient and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to CDB for its records.

TRANSLATIONS

11. If a contract is subject to prior review and is written in the national language, the requirements of Paragraphs 6.08–6.13 shall apply.

POST REVIEW

12. Post reviews may be carried out by CDB on those contracts indicated in the Procurement Plan, and Procurement Strategy where relevant, to determine whether they comply with the requirements of the Financing Agreement. CDB may use a third party such as a supreme audit institution or an independent Consultant, acceptable to CDB, to carry out post reviews. Any such third party shall carry out the reviews in accordance with the TOR provided by CDB. A sampling approach may be applied to post reviews.
13. The purposes of procurement post reviews include the following:
- (a) verifying that the procurement procedures followed by the Recipient comply with the Financing Agreement and Procurement Plan (and where relevant Procurement Strategy);
 - (b) confirming that the Recipient continues to be in compliance with the agreed procurement arrangements, including timely and effective implementation of any agreed risk mitigation/management plan;
 - (c) verifying continued adherence to the contract, including technical compliance;
 - (d) noting Prohibited Practices red flags and reporting any evidence to CDB; and
 - (e) identifying mitigating measures or actions to correct procurement deficiencies and recommending them to the Recipient.

PROCUREMENT-RELATED COMPLAINTS

PURPOSE

1. This Annex details the process for making a procurement-related complaint and the Recipient's obligations in administering and handling such complaints. It expands on the requirements of Paragraph 5.24. This Annex shall apply to procurement-related complaints, unless APAs apply or the Financing Agreement or the Procurement Plan and/or Procurement Strategy, where relevant, provides for another method of handling such complaints, in which case the provisions set out in the Financing Agreement or Procurement Plan and/or Procurement Strategy, where relevant, shall apply.

PROCUREMENT-RELATED COMPLAINT

2. A procurement-related complaint is a complaint:
 - (a) made in relation to a Recipient's procurement under a CDB Financed Project;
 - (b) by an 'interested party'; and
 - (c) relating to a pre-contract procurement issue that arises during the procurement process up to the final notice of contract award.
3. This Annex deals only with procurement-related complaints from Bidders/Proposers in relation to the procurement of Goods, Works, Non-Consulting and Consulting Services financed by CDB.
4. This Annex excludes post-contract award issues and contract administration or management arrangements between the Recipient and the successful Bidder/Proposer, which are subject to the terms and conditions of the legal agreement between the Recipient and the Bidder/Proposer awarded the contract. The Recipient shall promptly inform CDB of any contract dispute arising which could trigger the use of a dispute resolution mechanism established under the contract, suspension or termination of the contract or court action. In addition, the Recipient is required to communicate to CDB its proposed actions on how to satisfactorily resolve the dispute in a timely manner. This applies regardless of whether the procurement is subject to CDB prior or post review.
5. Complaints are not communications relating to clarifications regarding the tender documents/RFPs or procurement process which are to be dealt with through the clarifications process detailed in the tender documents/RFPs or requests for debriefing.

INTERESTED PARTY

6. A complainant must be an 'interested party'. An 'interested party' is a potential or actual Bidder or Proposer (which includes those seeking to be shortlisted to provide Consulting

Services or prequalified to provide Goods, Works or Non-Consulting Services). These are described as follows:

- (a) **Potential Bidders/Proposers:** Firms/Consultants that are interested in participating in a Prequalification/shortlisting process or, where there is no Prequalification/ shortlisting process, an ITB/RFP but have not yet submitted an application or a Bid/Proposal. Potential Bidders/Proposers can seek to challenge the Prequalification/ shortlisting or ITB/RFP procurement processes or procurement documents.
- (b) **Actual Bidders/Proposers:** Firms/Consultants that are participating in a procurement process by having submitted an application or Bid/Proposal.

RECIPIENT'S ROLES AND RESPONSIBILITIES

- 7. To promote an open and fair procurement process, the Recipient shall make every effort to address a procurement-related complaint objectively and in a timely manner, with transparency and impartiality, and in accordance with Paragraph 5.24, and this Annex.
- 8. Specifically, the Recipient's roles and responsibilities include:
 - (a) providing timely and sufficient information to Bidders/Proposers, so that they can understand the basis for the Recipient's decision and make an informed decision on whether to lodge a complaint challenging that decision;
 - (b) promptly acknowledging complaints received;
 - (c) resolving complaints promptly and fairly;
 - (d) where a standstill period applies, responding to complaints received following transmission of the Notification of Intention to Award the contract, within the standstill period. The Recipient shall acknowledge in writing the receipt of the complaint within three (3) business days, shall review the complaint and respond to the complainant, not later than fifteen (15) business days from the date of receipt of complaint;
 - (e) preserving the confidentiality and proprietary information of other Bidders/Proposers, marked as such in their Bids/Proposals, including commercial and financial information and trade secrets; and
 - (f) maintaining complete records of all debriefings, complaints and their resolution.

For Procurements Subject to Prior Review

- 9. For procurements subject to prior review, the Recipient shall:

- (a) promptly inform CDB of receipt of the complaint;
 - (b) provide, for CDB review, all relevant information and documentation, including a draft response to the complainant, once this is available; and
 - (c) consult with CDB promptly and forthrightly throughout the complaint review and resolution process.
10. For procurements subject to prior review where the Recipient's review of the complaint results in a modification of the tender documents/RFP, or the Recipient changing its decision to exclude the complainant from a process, or the Recipient changing its contract award or intent to award recommendation, the Recipient shall, upon receiving written confirmation by CDB of the satisfactory resolution of the complaint:
- (a) issue an amendment to the tender documents/RFP, and if necessary, extend the Bid/Proposal submission deadline; or
 - (b) promptly transmit to CDB a revised Evaluation Report; or
 - (c) in the case of the use of standstill period, notify the revised intent to award to all previously notified Bidders/Proposers and shall proceed with the contract award.
11. The Recipient shall not proceed with the next stage/phase of the procurement process, including awarding a contract, without first receiving from CDB confirmation of satisfactory resolution of the complaint or in instances where CDB advises the Recipient not to proceed due to an escalation of a complaint to CDB, in accordance with Paragraph 16 of Annex 3. Notwithstanding this requirement, for procurement-related complaints challenging the tender documents/RFP, or challenging exclusion prior to award, the Recipient should consult with CDB about which, if any, steps in the procurement process may appropriately go forward while the complaint is being considered.

SUBMISSION OF PROCUREMENT-RELATED COMPLAINTS

12. Procurement-related complaints should be submitted by the interested party to the Recipient in a timely manner and at the appropriate stage in the procurement process.
13. Procurement-related complaints shall be submitted in writing and should include the following content:
- (a) the name, contact details, and address of the complainant;
 - (b) identify the complainant's interest in the procurement (as defined under Paragraph 2 of this Annex);
 - (c) identify the specific Project, the procurement reference number, and current stage of the procurement process;

- (d) specify any previous communication between the complainant and the Recipient on the matters addressed in the complaint;
 - (e) specify the nature of complaint, and the perceived adverse impact on the complainant;
 - (f) state the alleged inconsistency with, or violation of, the applicable procurement Policy or Procedures; and
 - (g) any other information the complainant considers relevant to the complaint.
14. The Recipient shall acknowledge receipt of a complaint, in writing, in a timely manner. The Recipient shall promptly inform CDB of receipt of the complaint, regardless of whether the complaint is related to a procurement activity that is subject to prior or post review.
15. Anonymous complaints will be considered and handled on their own merit.
16. Should the interested party not receive what they deem to be a suitable response to a complaint, other than complaints including allegations of Prohibited Practices, the matter can be escalated to the attention of the Head of Procurement at CDB¹, including the information required under Paragraph 13 of Annex 3.
17. A complaint including allegations of Prohibited Practices is subject to separate and additional procedures and should be escalated to CDB's Office of Integrity, Compliance and Accountability² for review.

RESPONDING TO A COMPLAINT

18. In handling a procurement-related complaint, the Recipient should ensure a timely and meaningful review of the complaint, including all relevant documentation, facts and circumstances related to it. The Recipient shall provide sufficient information in its response to the complainant, while maintaining the confidentiality of information provided by Bidders/Proposers which they have marked in their applications as confidential, which includes proprietary information, trade secrets and commercial or financially sensitive information.
19. A response to a procurement-related complaint shall be in writing, which include electronic mail, and should, as a minimum, include the following elements:
- (a) **Statement of Issues:** Specify the issues raised by the complainant that need to be addressed.

¹Complaints can be escalated to: Tel: +1246 539-1600; Fax: +1246 539-7269; E-mail: procurement@caribank.org.

² See: <https://www.caribank.org/about-us/corporate-governance/office-integrity-compliance-and-accountability>.

- (b) **Facts and Evidence:** Specify the facts and evidence that, in the Recipient's view, are relevant to the resolution of the complaint.
- (c) **Decision and Reference to the Basis for the Decision:** State the decision that has been made and include reference to the basis for the decision e.g., specific parts of tender documents/RFP or Paragraphs or Annexes in CDB Procedures that support the decision. The response should be as precise as possible in explaining the basis of the decision.
- (d) **Analysis:** Provide an explanation why the basis for the decision applied to the facts/issues raised by the complainant necessitates this particular decision.
- (e) **Conclusion:** State clearly the resolution of the complaint and describe the next steps to be taken, if any.

The Recipient should respond to a procurement-related complaint in a timely manner.

ROLES AND RESPONSIBILITIES OF BIDDERS/PROPOSERS

20. A Bidder's/Proposer's roles and responsibilities with respect to procurement-related complaints include the following:
- (a) comply with the requirements of this Annex and in particular:
 - (i) meet all of the requirements of a procurement-related complaint described in Paragraph 2 of this Annex;
 - (ii) submit a complaint in a timely manner; and
 - (iii) submit a complaint containing all of the required content described in Paragraph 13 of this Annex.
 - (b) be familiar with the provisions of the tender documents/RFP, as well as the Procedures, to understand the rules governing the procurement process;
 - (c) make timely request for debriefing if one is desired;
 - (d) submit the complaint to the entity/official designated for that purpose in the tender documents/RFP; and
 - (e) ensure that the complaint submitted is as specific as possible in explaining the issues or concerns, and the alleged violation of the applicable procurement rules.

ROLES AND RESPONSIBILITIES OF CDB

21. CDB's roles and responsibilities with respect to procurement-related complaints covered by this Annex include the following:
- (a) ensure that any complaint addressed to CDB is forwarded promptly to the Recipient for review and resolution (and in cases including allegations of Prohibited Practices such complaints will be forwarded to CDB's Office of Integrity, Compliance and Accountability for review);
 - (b) in the case of procurements subject to prior review, in a timely manner consider any action proposed by the Recipient, including, but not limited to, with respect to the conduct and content of a debriefing, the denial of a complaint, or the taking of action to correct the impropriety identified in the complaint; and
 - (c) consider and respond to complaints escalated to CDB in accordance with Paragraph 16 of Annex 3.

REGIONAL PREFERENCES

PURPOSE

1. This Annex provides guidance on how regional preferences should be applied in CDB financed procurement.

PREFERENCE FOR REGIONALLY MANUFACTURED GOODS

2. The Recipient 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 BMCs when compared to Bids offering such Goods manufactured elsewhere. In such cases, the tender 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.
3. CDB may permit a margin of preference of up to fifteen (15) percent or the actual import taxes, levies and duties, whichever is less, for Goods manufactured in BMCs of CDB, when comparing Bids from those countries with Bids from other countries. 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.
4. 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.
5. After Bids have been received and reviewed by the Recipient, Bids shall be classified into the following groups:
 - (a) **Group A:** Bids offering Goods manufactured in the BMCs eligible for the preference; and
 - (b) **Group B:** Bids offering Goods manufactured outside of the BMCS.

All evaluated Bids shall be compared, applying the preference, to determine the Bid that provides the optimum VFM and that Bid shall be selected for the award.

6. In the case of single responsibility or turnkey contracts for the supply of several discrete items of equipment, as well as major installation and/or construction services, no margin of preference shall apply.¹ However, with CDB's no-objection, Bids for such contracts may be

¹ 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.

invited and evaluated based on “Delivered Duty Paid” (DDP)² (named place of destination) prices for Goods manufactured abroad.

PREFERENCE FOR BMC CONTRACTORS

7. For contracts for Works to be awarded based on ICB, eligible Recipients may, with the agreement of CDB, grant a margin of preference of up to seven and half (7.5) percent to Contractors from BMCs, 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 and at the prequalification and/or at the Bidding stage, such information, including details of ownership, as shall be required to determine whether, according to the classification established by the Recipient and accepted by CDB, a particular Contractor or group of Contractors qualifies for a preference. The tender 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, responsive Bids shall be classified into the following groups:
 - (i) **Group A:** Bids offered by Contractors from BMC eligible for the preference; and
 - (ii) **Group B:** Bids offered by other Contractors.

All evaluated Bids shall be compared, applying the preference, to determine the Bid that provides the optimum VfM and that Bid shall be selected for the award.

² 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 must 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 Procurement 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.

EVALUATION CRITERIA

PURPOSE

1. This Annex describes the principles of Bid/Proposal evaluation criteria and methodology, and their application.

REQUIREMENTS

2. The criteria shall be appropriate to the nature and complexity of the procurement to enable the Recipient to achieve VfM.
3. The following requirements govern the Bid/Proposal evaluation criteria:
 - (a) the evaluation criteria shall be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured;
 - (b) to the extent practicable, evaluation criteria should be quantifiable (such as convertible to monetary terms);
 - (c) the ITBs/RFPs, or equivalent, document shall include the complete evaluation criteria and the specific manner in which they shall be applied;
 - (d) only the evaluation criteria, and all the evaluation criteria, indicated in the ITB/RFP, or equivalent, document shall be applied;
 - (e) once the ITB/RFP, or equivalent, document has been issued, any change to the evaluation criteria shall be made only through addenda; and
 - (f) the evaluation criteria shall be applied consistently to all Bids/Proposals submitted.
4. To achieve VfM, the evaluation criteria may consider such factors as the following:
 - (a) **Cost:** Evaluation of cost using a methodology that is appropriate to the nature of the procurement including:
 - (i) adjusted Bid price; or
 - (ii) adjusted Bid price plus the running/recurrent cost over the useful lifetime of the asset on net present cost basis (life-cycle costs);
 - (b) **Quality:** Evaluation of quality using a methodology to determine the degree to which the Goods, Works, Non-Consulting Services or Consulting Services meet or exceed the requirements;
 - (c) **Risk:** Criteria that mitigate the relevant assessed risk;

- (d) **Sustainability:** Criteria that consider stated economic, environmental, and social benefits in support of the Project objectives, and may include the flexibility of the Proposal to adapt to possible changes over the life cycle; and
- (e) **Innovation:** Criteria that allow assessment of innovation in the design and/or delivery of the Goods, Works, Non-Consulting Services, or Consulting Services and that give Bidders/Proposers the opportunity to include, when appropriate, in their Bids/Proposals, solutions that exceed the requirements or alternative solutions that could deliver better VfM.

GOODS, WORKS, AND NON-CONSULTING SERVICES

Qualifying Criteria

- 5. Qualifying criteria are the minimum requirements in the ITB, or equivalent, documents normally evaluated on a pass/fail basis.

Rated-type Criteria

- 6. Rated-type criteria, that is, non-price attributes assessed with merit points, are used, when benefits may not be quantifiable (or the evaluation criteria cannot be expressed in monetary terms), and the benefits associated with these rated criteria are expected to vary among different Bids.
- 7. The rated-type criteria, and sub-criteria as appropriate, are prioritised, assigned merit points, and weighted according to their relative importance in meeting the desired outcome. The number of sub-criteria should be kept to the minimum.
- 8. Rated criteria may include, but are not limited to, the following features as relevant:
 - (a) quality of methodology and work plan;
 - (b) performance, capacity, or functionality features; and
 - (c) sustainable procurement.

Evaluation of Costs

- 9. As specified in the ITB, or equivalent, document costs are evaluated on the basis of:
 - (a) adjusted Bid price, or
 - (b) life-cycle costs.

10. Adjustments of Bid price include arithmetic correction, any discounts, and other adjustments specified in the ITB, or equivalent, document for evaluation purposes, including adjustments for deviation in the delivery/implementation schedule and/or payment terms, and corrections for minor deviations or omissions.
11. Life-cycle costing should be used whenever possible, particularly when the costs of operation and/or maintenance over the specified life of the Goods or Works are estimated to be considerable in comparison with the initial cost and may vary among different Bids. It is evaluated on a net present cost basis.
12. When using life-cycle costing, the Recipient shall specify the following information in the ITB, or equivalent, document:
 - (a) number of years used in the life-cycle cost determination;
 - (b) the discount rate, in percent, to be used to calculate the net present value of future costs over the life-cycle period specified in 12 (a) of this Annex; and
 - (c) the factors and methodology to be used for calculating the operation, maintenance, and residual value costs, including the information to be provided by the Bidder in the Bid.

Combined Rated-type Criteria and Cost

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

CONSULTING SERVICES

Technical Evaluation

14. Technical Proposals of Consulting Services are evaluated through a scoring system that uses the following criteria:
 - (a) adequacy of methodology and work plan;
 - (b) relevant experience and qualifications of key staff; and
 - (c) relevant experience of the Firm.
15. In addition, transfer of knowledge and participation of nationals among key staff may be included as criteria, depending on the nature and needs of the assignment.

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

**TABLE 1: RANGE OF SCORES FOR QUALITY OF PROPOSALS
(CONSULTING SERVICES)**

Rated Criteria	Point Range (%)
Methodology	20 – 50
Relevant Experience and Qualification of Key Staff	30 – 60
Relevant Experience of Firm	0 – 10
Transfer of Knowledge	0 – 10
Nationals Among Key Staff [As reflected by the participation of nationals among key experts (whether presented by foreign or national Firms) and calculated as the ratio of key national experts' time (in person months), to the total number of key experts' time (in person months), in the Proposal.]	0 – 10

17. The Recipient normally divides these criteria into sub-criteria. Each criterion is then assigned a score based on the total points assigned to its sub-criteria. The number of sub-criteria should be kept to the minimum.
18. The RFP document shall specify the overall minimum technical score. The minimum technical score shall normally be in the range of seventy to eighty-five percent (70–85%) depending on the nature and complexity of the assignment.

Financial Evaluation

19. The offered total price includes all the Proposer's remuneration and other reimbursable and miscellaneous expenses. For evaluation, the offered prices exclude local identifiable indirect taxes (such as sales, value-added, and excise taxes and similar taxes and levies) on the contract and income tax payable to the country of the Recipient on the remuneration of Services rendered in the country of the Recipient by non-resident experts and other personnel of the Consulting Firm. In exceptional circumstances, when the Recipient cannot fully identify indirect taxes when evaluating the financial offers, CDB may agree that, for evaluation only, prices may include all taxes payable to the country of the Recipient.

20. For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the Technical Proposals. For a lump-sum contract, the Proposer is deemed to have included all prices in its Financial Proposal, so neither arithmetical corrections nor price adjustments shall be made; the total price, net of taxes as per Paragraph 19 of this Annex, included in the Financial Proposal is considered the offered price.

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

**CONTRACT CONDITIONS FOR REGIONAL
AND INTERNATIONAL PROCUREMENT**

PURPOSE

1. This Annex lists the minimum contract conditions required for RCB or ICB.

APPLICABLE LAW AND SETTLEMENT OF DISPUTES

2. 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 use this type of arbitration in contracts for the procurement of Goods, Works and Services subject to ICB. CDB shall not be named arbitrator or be asked to name an arbitrator. In case of ICB Works contracts, turnkey contracts, and appropriate supply and installation 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.

PAYMENT PROVISIONS

Goods, Works and Non-Consulting Services

3. 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 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.
4. 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 conditions of contract. 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 conditions of contract shall specify the arrangements for any security required for advance payments.

5. Payments shall be made promptly in accordance with the contract provisions. To that end,
 - (a) only disputed amounts shall be withheld, with the remainder of the invoice paid in accordance with the contract; and
 - (b) the contract shall provide for the payment of Financing charges if payment is delayed due to the client's fault beyond the time allowed in the contract; the rate of charges shall be specified in the contract and shall be for the Recipient's account, unless otherwise agreed by CDB.

Consulting Services

6. Payments shall be made promptly in accordance with the contract provisions. To that end,
 - (a) only disputed amounts shall be withheld, with the remainder of the invoice paid in accordance with the contract; and
 - (b) the contract shall provide for the payment of Financing charges if payment is delayed due to the client's fault beyond the time allowed in the contract; the rate of charges shall be specified in the contract and shall be for the Recipient's account, unless otherwise agreed by CDB.

PRICE ADJUSTMENTS

Goods, Works and Non-Consulting Services

7. Contracts shall state either that:
 - (a) Bid prices will be fixed; or
 - (b) 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.
8. Price adjustment provisions are usually not necessary in simple contracts involving delivery of Goods or completion of Works within eighteen (18) months but shall usually 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.
9. Prices may be adjusted using a prescribed formula (or formulae) which breaks down the total price into components that are adjusted by price indices specified for each component. The formula, and the base date for application shall be clearly defined in the conditions of contract. 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.

Consulting Services

10. To adjust the remuneration rates in a Time-based Contract for foreign and/or local inflation, a price adjustment provision shall normally be included in the contract if its duration is expected to exceed eighteen (18) months. Time-based Contracts of a shorter duration may include a provision for price adjustment when local or foreign inflation is expected to be high and unpredictable. Lump-sum Contracts shall not generally be subject to automatic price adjustment when their duration is expected to be less than eighteen (18) months, except for small-value multi-year contracts (for example with auditors). The price of a lump-sum contract may be exceptionally amended when the scope of the services is extended beyond what was contemplated in the original TOR and contract.

TAXES, DUTIES AND LEVIES

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

PERFORMANCE SECURITY, LIQUIDATED DAMAGES AND BONUS PAYMENTS**Goods, Works, and Non-Consulting Services**

12. Contracts for Works and Plant shall require a performance security in an amount sufficient to protect the Recipient in case of breach of contract by the Contractor. This security shall be provided in an appropriate amount, as specified by the Recipient in the conditions of contract. The amount of the security may vary, depending on the type of security furnished and the nature and magnitude of the Works or facilities. Normally, the amount for bank guarantees should not exceed ten percent (10%) of the contract price unless the commercial practice for the industry recommends a different percentage. A portion of this security shall extend sufficiently beyond the date of completion of the Works or facilities to cover the defects liability or maintenance period up to final acceptance by the Recipient.
13. In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of Goods. To protect against non-performance of the contract, firms may be required to provide a security in an appropriate and reasonable amount, specified by the Recipient in the conditions of contract.
14. Performance securities shall be in an appropriate form, acceptable to CDB, as specified by the Recipient in the conditions of contract. Bidders shall be allowed to submit a performance security directly issued by the reputable bank or financial institution (insurance, bonding or surety company), of their choice, located in any eligible country. However, if the performance security is issued by a financial institution that is located outside the Recipient's country and it is not enforceable, the financial institution shall have a correspondent financial institution located in the Recipient's country to make it enforceable.
15. 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. 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.

Consulting Services

16. Performance securities are not recommended for Consultants' services. Their enforcement is often subject to judgment calls, they can be easily abused, and they tend to increase the costs to the consulting industry without evident benefits, which are eventually passed on to the Recipient. In addition, because the timely delivery of services of an intellectual and advisory nature is contingent in many ways upon actions by the client, thereby rendering difficulty establishing the sole responsibility of the Consultant, when there are delays, the application of liquidated damages is not recommended for Consulting Services.

VALUE ENGINEERING

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

INCOTERMS

18. The applicable version of Incoterms shall be used in contracts for Goods.

COPYRIGHT AND PATENT INDEMNITY

19. The conditions of contract shall include appropriate provisions on copyright and patent indemnity.

CONTRACT CHANGE MANAGEMENT

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

FORCE MAJEURE

21. 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.

DEFAULTS

22. The contract shall include provisions such as suspension and termination, addressing contractual defaults by either party.

PROHIBITED PRACTICES

23. CDB requires application of, and compliance with, the Procedures related to Prohibited Practices, including without limitation CDB's right to suspend and sanction and CDB's inspection and audit rights. For details see Paragraph 5.25.

CONTRACT MANAGEMENT

PURPOSE

1. This Annex outlines the requirements for contract management and for monitoring through a Contract Management Plan.

REQUIREMENTS

2. Effective contract management requires systematic and efficient planning, execution, monitoring, and evaluation to optimise performance while managing risks to ensure that both parties fulfil their contractual obligations with the goal of achieving VfM and results on the ground.
3. The Recipient should begin developing a contract as early as possible in the procurement process. As the Procedures require, the contract conditions are included in the ITB/RFP or equivalent document for the particular procurement process. The level of detail required in a contract depends on the risk and complexity of the contract. The terms and conditions shall be fit-for-purpose, with appropriate allocation of risks, liabilities, roles, and responsibilities of the parties.
4. Recipients are encouraged to develop Contract Management Plans during contract creation, which shall be completed at the time the contract is signed. For high risk and/or value contracts the Procurement Plan, and if appropriate Procurement Strategy, will require that Contract Management Plans are prepared.
5. Recipient shall proactively manage contracts throughout their duration, where relevant against Contract Management Plans. Where required Key Performance Indicators (KPIs) are set to ensure that Contractor performance is satisfactory, contract requirements are met, and relevant stakeholders are well informed and satisfied with the Goods, Works, Non-Consulting and Consulting Services provided under the contract. An evaluation of the contract execution shall be carried out by the Recipient at the contract completion to assess the performance, and if applicable, identify any lessons learned for future contracts. At CDB's request the evaluation reports should be shared with CDB.

CONTRACT MANAGEMENT PLAN AND CONTRACT EVALUATION

6. For contracts identified in the Procurement Plan, and where relevant Procurement Strategy, the Contract Management Plans shall typically contain a summary of details as follows:
 - (a) identified potential risks (such as delays in the Contractor's right of access to site, payment delays, and other defaults in the Recipient's contractual obligations that could potentially lead to contractual disputes), and their mitigation;
 - (b) key contacts and roles and responsibilities of the parties:

- (i) the names and contact details of the key contacts for each party;
- (ii) ensuring that each party has established the necessary authorisations and delegations for its personnel at the beginning of the contract is an important prerequisite to ensuring that all contracting decisions are valid and enforceable;
- (c) communication and reporting procedures;
- (d) key contractual terms and conditions;
- (e) contractual milestones, including critical path (identified to ensure early detection and mitigation of issues), and payment procedures consistent with contractual provisions;
- (f) key contract deliverables, identified and properly described, and updated to account for change orders during the execution of the contract;
- (g) KPIs and a description of the measurement process (if required);
- (h) contract variation/change control mechanisms; and
- (i) record-keeping requirements.

CONTRACT MONITORING

- 7. During contract execution, the Recipient uses the contract and, where relevant, the Contract Management Plan to ensure that both contracting parties are complying with the contractual provisions.
- 8. To determine whether VfM is achieved, the Recipient monitors the contract to ensure at least the following:
 - (a) risks are managed or mitigated before they materialise;
 - (b) the contract is completed on time and within budget;
 - (c) contract variations are properly justified;
 - (d) the outcome of the contract meets the objectives set at the start;
 - (e) the Recipient's technical and commercial requirements are met or exceeded within budget; and
 - (f) the final contract price compares favourably with comparable benchmarks.

PUBLIC-PRIVATE PARTNERSHIPS

PURPOSE

1. This Annex outlines the requirements to be met by Recipients when selecting the private partner in a Public-Private Partnership (PPP) arrangement financed by CDB.
2. The Recipient shall select the private partner using a competitive selection method consistent with the selection methods set forth in the Procedures. Exceptionally, having considered the specific circumstances, CDB may agree to a non-competitive selection process, including in the circumstances detailed in Point 4 of this Annex.
3. PPP activities with procurement processes which have been initiated or contracts which have been awarded may be financed by CDB, if CDB is satisfied:
 - (a) with the Project justification, feasibility, PPP structure requirements and contract arrangements; and
 - (b) that the selection process for the private partner is fit-for-purpose and reflects VfM through the application of CDB's Core Procurement Principles, and the Procedures (in particular: Paragraphs 5.15–5.17, Conflicts of Interest, Section 4, Eligibility, and Paragraphs 5.25–5.27, Prohibited Practices).
4. CDB may accept the selection of the private partner using a non-competitive selection process, as referenced in Point 2 of this Annex, where contracts financed by CDB, under the PPP arrangement, are subject to a competitive process, acceptable to CDB.

Unsolicited Proposals

5. CDB may agree to finance PPP Projects initiated from unsolicited Proposals. In all instances of unsolicited Proposals, the process to assess and determine the best fit-for-purpose and VfM approach to awarding a contract initiated by an unsolicited Proposal shall be clearly defined by the Recipient and accepted by CDB.
6. When an unsolicited Proposal is subjected to a competitive selection process, the Recipient may use one of the following approaches in allowing the Firm that submitted the unsolicited Proposal to participate in the process:
 - (a) the Recipient grants no advantage to the Firm in the process. The Recipient may separately compensate the Firm for the agreed cost of preparing the Proposal, if permitted under Recipient's applicable regulatory Framework; or
 - (b) the Firm is granted an advantage in the selection process, such as an additional merit in the evaluation. This advantage shall be disclosed in the ITB and defined in such a way that it does not prevent effective competition.

FRAMEWORK AGREEMENTS

PURPOSE

1. This Annex supplements the provisions of Paragraphs 7.40–7.41 and 8.35 and describes the minimum requirements for establishing a Framework Agreement for contracts financed by CDB.

REQUIREMENTS

2. A Recipient may establish a Framework Agreement with Firms that are capable of delivering specified Goods, Works, Non-Consulting Services and/or Consulting Services agreeing, in advance, the applicable terms and conditions. These usually include the fees, charge rate or pricing mechanism.
3. Framework Agreements may be pre-existing to a CDB operation or newly established under a CDB operation. To be used for a CDB operation:
 - (a) **Pre-Existing:** CDB shall be satisfied a pre-existing Recipient's Framework Agreement is consistent with CDB's Core Procurement Principles; or
 - (b) **New:** A new Framework Agreement established by the Recipient shall meet the requirements of the Procedures.
4. Firms awarded a Framework Agreement (Framework Agreement Firms) have no guarantee of any call-off contracts. The number of Firms awarded Framework Agreements should be proportionate to the anticipated demand. This allows all Framework Agreement Firms an opportunity to be awarded a call-off contract.

PARTIES

5. A Framework Agreement can be concluded with a single provider or with several providers, for the same Goods, Works, Non-Consulting Services, or Consulting Services. The Recipient shall decide on the appropriate strategy based on the market conditions and its requirements.
6. Framework Agreements shall only be used between the Recipients' procuring entity(ies) and the Framework Agreement Firm(s). When several procuring entities establish a Framework Agreement together, a lead entity is appointed to act on behalf of the group of entities. Each entity in the group is identified in the ITB/RFP documents at the time of going to market. Each individual procuring entity shall be specified in each call-off contract.

ESTABLISHING THE FRAMEWORK AGREEMENT

7. To establish a Framework Agreement, the Recipient shall use open competitive procurement with appropriate ITB/RFP documents. Once a Framework Agreement is established, the Recipient does not need to openly advertise individual contract opportunities to be awarded as call-offs.

8. The additional information in the ITB/RFP documents shall include as a minimum:
- (a) a description of the Goods, Works, Non-Consulting Services or Consulting Services that the Framework Agreement is intended to cover; an estimate of the total volume/scope of the Goods, Works, Non-Consulting Services or Consulting Services for which call-off contracts may be placed and, as far as possible, the volume/scope and frequency of the call-off contracts to be awarded under the Framework Agreement;
 - (b) qualification and evaluation criteria and, evaluation methodology;
 - (c) the terms and conditions of contract that will apply to call-offs under the Framework Agreement, which shall include the following information:
 - (i) a statement that the fees, charge rate or pricing mechanism, and any other associated costs shall be agreed with each Firm, and be valid for the term of the Framework Agreement;
 - (ii) a statement that explains that the Recipient will engage Framework Agreement Firms as required, through call-off contracts;
 - (iii) a statement that the Framework Agreement is:
 - (aa) a closed panel (which should normally be the case), and the constitution of the panel shall remain unchanged during the term of the Framework Agreement (other than Firms being removed from the panel, no additional or replacement Firms may be added); or
 - (bb) an open panel and an outline of the process for selection;
 - (iv) a statement that there is no guarantee of being awarded a call-off contract, and no commitment will be made with regard to possible volume of Goods, Works, Non-Consulting Services, or Consulting Services;
 - (v) a statement that the Framework Agreement is not an exclusive agreement and that the Recipient reserves the right to procure the same or similar Goods, Works, Non-Consulting Services, or Consulting Services from non-Framework Agreement Firms;
 - (vi) a description of the circumstances that may lead to a Firm being removed from the Framework Agreement, and the process to be used in securing the removal;
 - (d) the secondary selection method or methods the Recipient shall use to select a Firm (the call-off process);

- (e) the contractual method the Recipient will use to secure the call-off contract (for example, a statement of Work or purchase order); and
 - (f) the duration of the Framework Agreement, including any option to extend. Framework Agreements shall be established for a maximum period of three (3) years, with the option to extend by up to a further two (2) years if the initial engagement has been satisfactory.
9. A Contract Award Notice of the conclusion of the Framework Agreement shall be published when the Framework Agreement is established, as per Paragraph 6.99 (Contract Award Notice). This shall list the names of all Firms that have been included in the Framework Agreement.

CALL-OFF CONTRACTS

10. For each procurement under a Framework Agreement, a Firm shall be selected from the panel using the secondary procurement process, or one of the processes, described in the Framework Agreement.
11. The secondary procurement for the call-off process shall take one or, as an option both, of the following forms:
- (a) **Mini-competition** based on objective criteria for call-offs that have been described in the Framework Agreement, such as:
 - (i) **competitive quotes** (from some or all the panel members) based on the lowest evaluated cost;
 - (ii) **competitive Bids or Proposals** (ITB or RFP from some or all the panel members), based on expertise, proposed solutions and VfM; and/or
 - (b) **Direct Selection** based on objective criteria for call-offs that have been described in the Framework Agreement, such as:
 - (i) **location** where call-off contracts are awarded to the Firm that is best able to deliver based on their location and the location where the Goods, Works, Non-Consulting Services, or Consulting Services are to be delivered;
 - (ii) **balanced division of supply/scope/task** where an upper value limit is fixed, and call-off contracts are awarded in turn on a rotational basis when a Firm reaches the upper value limit;

As part of the call-off process, Firms shall be given a description of the scope of supply/tasks that they will be expected to provide. The statement of Work or purchase order to be issued as part of the call-off process shall specify the objectives, tasks, deliverables, timeframes and

price or price mechanism. The price for individual call-off contracts shall be based on the fees, charge rate or pricing mechanism detailed in the Framework Agreement.