**Guidelines**

**Procurement of Goods, Works, and
Non-Consulting Services**

UNDER **IBRD L**OANS AND

**IDA C**REDITS **& Grants**

**by World Bank Borrowers**

January 2011

Revised July 2014

July 2014 Revision

Paragraph 3.18 - Procurement under loans Guaranteed by the Bank has been revised
to include provisions for payment obligations.

Acronyms

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| BOO | Build, own, operate |
| BOOT | Build, own, operate, transfer |
| BOT | Build, operate, transfer |
| CDD | Community Driven Development |
| CIF | Cost, Insurance, and Freight |
| CIP | Carriage and Insurance Paid (place of destination) |
| CPT | Carriage Paid To (named place of destination) |
| DDP | Delivered Duty Paid |
| EXW | Ex works, Ex factory, or Off-the-Shelf |
| FA | Framework Agreements |
| FCA | Free Carrier (named place) |
| FPA | Fiduciary Principles Accord |
| GNP | Gross National Product |
| IBRD | International Bank for Reconstruction and Development (World Bank) |
| ICB | International Competitive Bidding |
| ICC | International Chamber of Commerce |
| ICSID | International Centre for Settlement of Investment Disputes |
| IDA | International Development Association |
| IFC | International Finance Corporation |
| LIB | Limited International Bidding |
| MDTF | Multi Donor Trust Fund |
| MIGA | Multilateral Investment Guarantee Agency |
| NCB | National Competitive Bidding |
| NGO | Nongovernmental organization |
| PAD | Project Appraisal Document |
| PPA | Project Preparation Advance |
| PPP | Public Private Partnership |
| PPR | Procurement Post Review |
| SA | Special Account |
| SBDs | Standard Bidding Documents |
| SWAp | Sector Wide Approach |
| UCS | Use of Country Systems |
| UN | United Nations |
| UNDB | United Nations Development Business |

Purpose

1. The purpose of these Guidelines is to inform those carrying out a project that is
financed in whole or in part by a loan from the International Bank for Reconstruction and
Development (IBRD), a credit or grant from the International Development Association
(IDA),1 a project preparation advance (PPA), a grant from the Bank, or a trust fund
administered by the Bank and executed by the recipient,2  of the policies that govern the
procurement of goods, works, and non-consulting services3 required for the project.
The Loan Agreement governs the legal relationships between the Borrower and the Bank,
and the Guidelines are made applicable to procurement of goods, works, and non-
consulting services for the project, as provided in the agreement. The rights and
obligations of the Borrower and the providers of goods, works, and non-consulting
services for the project are governed by the bidding4 documents, and by the contracts
signed by the Borrower with the providers of goods, works, and non-consulting services,
and not by these Guidelines or the Loan Agreements. No party other than the parties to
the Loan Agreement shall derive any rights therefrom or have any claim to loan proceeds.

General Considerations

1. The responsibility for the implementation of the project, and therefore for the award
and administration of contracts under the project, rests with the Borrower.5 The Bank, for
its part, is required by its Articles of Agreement to “ensure that the proceeds of any loan
are used only for the purposes for which the loan was granted, with due attention to
considerations of economy and efficiency and without regard to political or other non-
economic influences or considerations,”6 and it has established detailed procedures for
this purpose. While in practice the specific procurement rules and procedures to be
followed in the implementation of a project depend on the circumstances of the particular
case, four considerations generally guide the Bank’s requirements:

1 Procurement requirements of IBRD and IDA are identical. References in these Guidelines to “the Bank " include both IBRD and
IDA, and references to “loans” include IBRD loans, as well as IDA credits or grants, grants from the Bank, trust funds administered
by the Bank and executed by the recipient, and project preparation advances (PPAs).

References to “Loan Agreement” include the legal agreement between the Bank and Borrower, and may include the project
agreement between the Bank and project implementing entity.

References to “Borrower” include loan, credit, grant, and PPA recipients that execute such projects, and may include sub-borrowers
or project implementing entities.

2 To the extent that the agreement providing for such trust funds to be administered by the Bank does not conflict with these
provisions as exceptions, including under the UN Fiduciary Principles Accord (FPA) or a Multi Donor Trust Fund (MDTF) in
emergency situations.

3 References to “goods”” and “works’” in these Guidelines include related services such as transportation, insurance, installation,
commissioning, training, and initial maintenance. “Goods’” includes commodities, raw material, machinery, equipment, vehicles,
and industrial plant. The provisions of these Guidelines also apply to non-consulting services for which the physical aspects of the
activity predominate, are bid and contracted on the basis of performance of a measurable physical output, and for which
performance standards can be clearly identified and consistently applied, such as drilling, aerial photography, satellite imagery,
mapping, and similar operations. These Guidelines do not refer to consulting (e.g., advisory) services, to which the current
Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers
apply (referred to herein as Consultant Guidelines).

4 For the purposes of these Guidelines, the words “bid” and “tender”” shall have the same meaning.

5 In some cases, the Borrower acts only as an intermediary and the project is carried out by another agency or entity. References in
these Guidelines to the Borrower include such agencies and entities, as well as Sub-Borrowers under on-lending arrangements.

6 The Bank’s Articles of Agreement, Article III, Section 5(b); and IDA’s Articles of Agreement, Article V, Section 1(g).

1. the need for economy and efficiency in the implementation of the project, including
the procurement of the goods, works, and non-consulting services involved;
2. the Bank’s interest in giving all eligible bidders from developed and developing

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countries7 the same information and equal opportunity to compete in providing
goods, works, and non-consulting services financed by the Bank;

1. the Bank’s interest in encouraging the development of domestic contracting and
manufacturing industries in the Borrowing country; and
2. the importance of transparency in the procurement process.
3. Open competition is the basis for efficient public procurement. Borrowers shall
select the most appropriate method for the specific procurement. In most cases,
International Competitive Bidding (ICB), properly administered, and with the allowance
for preferences for domestically manufactured goods and, where appropriate, for domestic contractors8  for works under prescribed conditions is the most appropriate
method. In most cases, therefore, the Bank requires its Borrowers to obtain goods, works,
and non-consulting services through ICB open to eligible suppliers, service providers,
and contractors. 9 Section II of these Guidelines describes the procedures for ICB.
4. Where ICB is not the most appropriate method of procurement, other methods of
procurement may be used. Section III describes these other methods of procurement and
the circumstances under which their application would be more appropriate. The
particular methods that may be followed for procurement under a given project are
provided for in the Loan Agreement. The specific contracts to be financed under the
project, and their method of procurement, consistent with the Loan Agreement, are
specified in the Procurement Plan as indicated in paragraph 1.18 of these Guidelines.

Applicability of Guidelines

1. The principles, rules, and procedures outlined in these Guidelines apply to all
contracts for goods, works, and non-consulting services financed in whole or in part from
Bank loans.10 The provisions described under this Section I apply to all other Sections of
the Guidelines. For the procurement of those contracts for goods, works, and non-
consulting services not financed in whole or in part from a Bank loan, but included in the
project scope of the loan agreement, the Borrower may adopt other rules and procedures.
In such cases, the Bank shall be satisfied that the procedures to be used will fulfill the
Borrower’s obligations to cause the project to be carried out diligently and efficiently,
and that the goods, works, and non-consulting services to be procured:

7 See paragraphs 1.8, 1.9, and 1.10.

8 For purposes of these Guidelines, “Contractor" refers only to a firm providing construction services.

9 See paragraphs 1.8, 1.9, and 1.10.

10 This includes contracts procured by a Procurement Agent or Construction Manager employed by the Borrower under paragraph
3.11 of these Guidelines.

The Bank may agree to the use of the public procurement systems of the Borrower’s country -referred to as the Use of Country
System (UCS)--for procurement under paragraph 3.20 of these Guidelines. In such cases, the Loan Agreement between the
Borrower and the Bank shall describe the applicable procurement procedures of the Borrower, and the full application of Section I
and any other parts of these Guidelines as may be deemed relevant by the Bank.

1. are of satisfactory quality and are compatible with the balance of the project;
2. will be delivered or completed in timely fashion; and
3. are priced so as not to affect adversely the economic and financial viability of the
project.

Conflict of Interest

1. Bank policy requires that a firm participating in a procurement process under Bank-
financed projects shall not have a conflict of interest. Any firm found to have a conflict of
interest shall be ineligible for award of a contract.
2. A firm shall be considered to have a conflict of interest in a procurement process if:
3. such firm is providing goods, works, or non-consulting services resulting from or
directly related to consulting services for the preparation or implementation of a
project that it provided or were provided by any affiliate that directly or indirectly
controls, is controlled by, or is under common control with that firm. This provision
does not apply to the various firms (consultants, contractors, or suppliers) which
together are performing the Contractor’s obligations under a turnkey or design and
built contract;11 or
4. such firm submits more than one bid, either individually or as a joint venture
partner in another bid, except for permitted alternative bids. This will result in the
disqualification of all bids in which the Bidder is involved. However, this does not
limit the inclusion of a firm as a sub-contractor in more than one bid. Only for
certain types of procurement, the participation of a Bidder as a sub-contractor in
another bid may be permitted subject to the Banks’ no objection and as allowed by
the Bank’s Standard Bidding Documents applicable to such types of procurement;
or
5. such firm (including its personnel) has a close business or family relationship with a
professional staff of the Borrower (or of the project implementing agency, or of a
recipient of a part of the loan) who: (i) are directly or indirectly involved in the
preparation of the bidding documents or specifications of the contract, and/or the
bid evaluation process of such contract; or (ii) would be involved in the
implementation or supervision of such contract unless the conflict stemming from
such relationship has been resolved in a manner acceptable to the Bank throughout
the procurement process and execution of the contract; or
6. such firm does not comply with any other conflict of interest situation as specified
in the Bank’s Standard Bidding Documents relevant to the specific procurement
process.

Eligibility

1. To foster competition, the Bank permits firms and individuals from all countries to
offer goods, works, and non-consulting services for Bank-financed projects. Any

11 See paragraph 2.4.

conditions for participation shall be limited to those that are essential to ensure the firm’s

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capability to fulfill the contract in question.

1. In connection with any contract to be financed in whole or in part from a Bank loan,
the Bank does not permit a Borrower to deny participation in a procurement process or
award to a firm for reasons unrelated to: (i) its capability and resources to successfully
perform the contract; or (ii) the conflict of interest situations covered under paragraphs
1.6 and 1.7 above.
2. As exceptions to the foregoing paragraphs 1.8 and 1.9:
3. Firms of a country or goods manufactured in a country may be excluded if, (i) as a
matter of law or official regulation, the Borrower’s country prohibits commercial
relations with that country, provided that the Bank is satisfied that such exclusion
does not preclude effective competition for the supply of goods, works, and non-
consulting services required, or (ii) by an act of compliance with a decision of the
United Nations Security Council taken under Chapter VII of the Charter of the
United Nations, the Borrower’s country prohibits any import of goods from, or
payments to, a particular country, person, or entity. Where the Borrower’s country
prohibits payments to a particular firm or for particular goods by such an act of
compliance, that firm may be excluded.
4. Government-owned enterprises or institutions of the Borrower’s country may
participate in the Borrower’s country only if they can establish that they (i) are
legally and financially autonomous, (ii) operate under commercial law, and (iii) are

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not dependent agencies of the Borrower or Sub-Borrower.

1. A firm sanctioned by the Bank in accordance with paragraph 1.16(d) of these
Guidelines, or the World Bank Group Anti-Corruption policies and sanctions
procedures,14 shall be ineligible to be awarded a Bank-financed contract or to
benefit from a Bank-financed contract, financially or in any other manner, during
the period of time determined by the Bank.

Advance Contracting and Retroactive Financing

1. The Borrower may wish to proceed with the initial steps of procurement before
signing the related Bank loan. In such cases, the procurement procedures, including
advertising, shall be in accordance with the Guidelines in order for the eventual contracts

12 The Bank permits firms and individuals from Taiwan, China to offer goods, works, and non-consulting services for Bank-financed
projects.

13 Other than Force Account units, as permitted under paragraph 3.9.

To be eligible, a government-owned enterprise or institution shall establish to the Bank’s satisfaction, through all relevant
documents, including its Charter and other information the Bank may request, that it: (i) is a legal entity separate from the
government; (ii) does not currently receive substantial subsidies or budget support; (iii) operates like any commercial enterprise,
and, inter alia, is not obliged to pass on its surplus to the government, can acquire rights and liabilities, borrow funds and be liable
for repayment of its debts, and can be declared bankrupt; and (iv) is not bidding for a contact to be awarded by the department or
agency of the government which under their applicable laws or regulations is the reporting or supervisory authority of the enterprise
or has the ability to exercise influence or control over the enterprise or institution.

14 For the purpose of this sub-paragraph, the relevant World Bank Group Anti-Corruption policies are set forth in the Guidelines On
Preventing and Combating Fraud and Corruption in Projects financed by IBRD Loans and IDA Credits and Grants, and in the
Anti-Corruption Guidelines for IFC, MIGA, and World Bank Guarantee Transactions. The Bank’s sanctions procedures are
publicly disclosed on the Bank’s external website.

to be eligible for Bank financing, and the Bank shall review the process used by the
Borrower. A Borrower undertakes such advance contracting at its own risk, and any
concurrence by the Bank with the procedures, documentation, or proposal for award does
not commit the Bank to make a loan for the project in question. If the contract is signed,
reimbursement by the Bank of any payments made by the Borrower under the contract
prior to loan signing is referred to as retroactive financing and is only permitted within
the limits specified in the Loan Agreement.

Joint Ventures

1. Any firm may bid independently or in joint venture either with domestic firms
and/or with foreign firms. A joint venture may be for the long term (independent of any
particular bid) or for a specific bid. The joint venture shall appoint one of the firms to
represent it, and all its members shall sign the contract and be jointly and severally liable
for the entire contract. The Bank does not accept conditions of bidding or contracting
which require mandatory joint ventures or other forms of mandatory association between
firms.

Bank Review

1. The Bank reviews the Borrower’s procurement procedures, documents, bid
evaluations, award recommendations, and contracts to ensure that the procurement
process is carried out in accordance with the agreed procedures. These review procedures
are described in Appendix 1. The Procurement Plan approved by the Bank15 shall specify
the extent to which these review procedures shall apply in respect of the different
categories of goods, works, and non-consulting services to be financed, in whole or in
part, from the Bank loan.

Misprocurement

1. The Bank does not finance expenditures under a contract for goods, works, or non-
consulting services if the Bank concludes that such contract: (a) has not been awarded in
accordance with the agreed provisions of the Loan Agreement and as further elaborated
in the Procurement Plan to which the Bank provided no objection; (b) could not be
awarded to the bidder otherwise determined successful due to willful dilatory conduct or
other actions of the Borrower resulting in unjustifiable delays, the successful bid being no
longer available, or the wrongful rejection of any bid; or (c) involves the engagement of a
representative of the Borrower, or a recipient of any part of the Loan proceeds, in fraud
and corruption as per paragraph 1.16(c). In such cases, whether under prior or post
review, the Bank will declare misprocurement, and it is the Bank’s policy to cancel that
portion of the loan allocated to the goods, works, or non-consulting services that have
been misprocured. The Bank may, in addition, exercise other remedies provided for
under the Loan Agreement. Even once the contract is awarded after obtaining a no
objection from the Bank, the Bank may still declare misprocurement and apply in full its
policies and remedies regardless of whether of the loan has closed or not, if it concludes
that the no objection was issued on the basis of incomplete, inaccurate, or misleading

15 See paragraph 1.18.

information furnished by the Borrower or the terms and conditions of the contract had
been substantially modified without the Bank’s no objection.

Reference to Bank

1. The Borrower shall use the following text16 when referring to the Bank in
procurement documents:

“[Name of Borrower] has received [or, ‘has applied for’] a [loan] from the
[International Bank for Reconstruction and Development] (the “Bank”) in an
amount equivalent to US$\_\_\_, toward the cost of [name of project], and intends to
apply a portion of the proceeds of this [Loan] to eligible payments under this
Contract. Payments by the Bank will be made only at the request of [name of
Borrower or designate] and upon approval by the Bank, and will be subject, in all
respects, to the terms and conditions of the [Loan] Agreement. The [Loan]
Agreement prohibits a withdrawal from the [Loan] 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 the Bank, is prohibited by a decision of the United
Nations Security Council taken under Chapter VII of the Charter of the United

Nations.17  No party other than [name of Borrower] shall derive any rights from the

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Loan Agreement or have any claim to the proceeds of the [Loan].”

Fraud and Corruption

1. It is the Bank’s policy to require that Borrowers (including beneficiaries of Bank
loans), bidders, suppliers, contractors and their agents (whether declared or not), sub-
contractors, sub-consultants, service providers or suppliers, and any personnel thereof,
observe the highest standard of ethics during the procurement and execution of Bank-
financed contracts.19 In pursuance of this policy, the Bank:
2. defines, for the purposes of this provision, the terms set forth below as follows:
3. “corrupt practice” is the offering, giving, receiving, or soliciting, directly or

indirectly, of anything of value to influence improperly the actions of another party20;

1. “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;21

16 To be suitably modified in the case of a credit from IDA or a grant or a trust fund.

17 IBRD’s General Conditions Applicable to Loans and Guarantee Agreements; Article V; Section 5.01 and IDA’s General
Conditions Applicable to Development Credit Agreements; Article V; Section 5.01.

18 Substitute “credit,” “International Development Association,” and “Credit Agreement,” as appropriate.

19 In this context, any action to influence the procurement process or contract execution for undue advantage is improper.

20 For the purpose of this sub-paragraph, “anotherparty" refers to a public official acting in relation to the procurement process or
contract execution. In this context, “public official" includes World Bank staff and employees of other organizations taking or
reviewing procurement decisions.

21 For the purpose of this sub-paragraph, “party"" refers to a public official; the terms “benefit" and “obligation” relate to the
procurement process or contract execution; and the “act or omission” is intended to influence the procurement process or contract
execution.

1. “collusive practice” is an arrangement between two or more parties designed
to achieve an improper purpose, including to influence improperly the actions
of another party; 22
2. “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 party23;
3. “obstructive practice” is

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

(bb) acts intended to materially impede the exercise of the Bank’s
inspection and audit rights provided for under paragraph 1.16(e)
below.

1. will reject a proposal for award if it determines that the bidder recommended for
award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors,
service providers, suppliers and/or their employees, has, directly or indirectly,
engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in
competing for the contract in question;
2. will declare misprocurement and cancel the portion of the loan allocated to a
contract if it determines at any time that representatives of the Borrower or of a
recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent,
collusive, coercive, or obstructive practices during the procurement or the
implementation of the contract in question, without the Borrower having taken
timely and appropriate action satisfactory to the Bank to address such practices when
they occur, including by failing to inform the Bank in a timely manner at the time
they knew of the practices;
3. will sanction a firm or individual, at any time, in accordance with the prevailing
Bank’s sanctions procedures, including by publicly declaring such firm or
individual ineligible, either indefinitely or for a stated period of time: (i) to be24

22 For the purpose of this sub-paragraph, “parties” refers to participants in the procurement process (including public officials)
attempting either themselves, or through another person or entity not participating in the procurement or selection process, to
simulate competition or to establish bid prices at artificial, non-competitive levels, or are privy to each other’s bid prices or other
conditions.

23 For the purpose of this sub-paragraph, “party” refers to a participant in the procurement process or contract execution.

24 A firm or individual may be declared ineligible to be awarded a Bank financed contract upon: (i) completion of the Bank’s
sanctions proceedings as per its sanctions procedures, including, inter alia, cross-debarment as agreed with other International
Financial Institutions, including Multilateral Development Banks, and through the application the World Bank Group corporate
administrative procurement sanctions procedures for fraud and corruption; and (ii) as a result of temporary suspension or early
temporary suspension in connection with an ongoing sanctions proceeding. See footnote 14 and paragraph 8 of Appendix 1 of these
Guidelines.

awarded a Bank-financed contract; and (ii) to be a nominated25 sub-contractor,
consultant, supplier, or service provider of an otherwise eligible firm being awarded
a Bank-financed contract;

1. will require that a clause be included in bidding documents and in contracts
financed by a Bank loan, requiring bidders, suppliers and contractors, and their sub-
contractors, agents, personnel, consultants, service providers, or suppliers, to permit
the Bank to inspect all accounts, records, and other documents relating to the
submission of bids and contract performance, and to have them audited by auditors
appointed by the Bank; and
2. will require that, when a Borrower procures goods, works or non-consulting
services directly from a United Nations (UN) agency in accordance with paragraph
3.10 of these Guidelines under an agreement signed between the Borrower and the
UN agency, the above provisions of this paragraph 1.16 regarding sanctions on
fraud or corruption shall apply in their entirety to all suppliers, contractors, service
providers, consultants, sub-contractors or sub-consultants, and their employees that
signed contracts with the UN agency.

As an exception to the foregoing, paragraphs 1.16(d) and (e) will not apply to the
UN agency and its employees, and paragraph 1.16(e) will not apply to the contracts
between the UN agency and its suppliers and service providers. In such cases, the
UN agencies will apply their own rules and regulations for investigating allegations
of fraud or corruption subject to such terms and conditions as the Bank and the UN
agency may agree, including an obligation to periodically inform the Bank of the
decisions and actions taken. The Bank retains the right to require the Borrower to
invoke remedies such as suspension or termination. UN agencies shall consult the
Bank’s list of firms and individuals suspended or debarred. In the event a UN
agency signs a contract or purchase order with a firm or an individual suspended or
debarred by the Bank, the Bank will not finance the related expenditures and will
apply other remedies as appropriate.

1. With the specific agreement of the Bank, a Borrower may introduce, into bid forms
for contracts financed by the Bank, an undertaking of the bidder to observe, in competing
for and executing a contract, the country's laws against fraud and corruption (including
bribery), as listed in the bidding documents.26 The Bank will accept the introduction of
such undertaking at the request of the Borrowing country, provided the arrangements
governing such undertaking are satisfactory to the Bank.

25 A nominated sub-contractor, consultant, manufacturer or supplier, or service provider (different names are used depending on the
particular bidding document) is one which has either been: (i) included by the bidder in its pre-qualification application or bid
because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the
particular bid; or (ii) appointed by the Borrower.

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

Procurement Plan

1. The preparation of a realistic procurement plan27 for a project is critical for its
successful monitoring and implementation. As part of the project preparation, the
Borrower shall prepare a preliminary procurement plan, however tentative, for the entire
scope of the project. At a minimum, the Borrower shall prepare a detailed and
comprehensive procurement plan including all contracts for which procurement action is
to take place in the first 18 (eighteen) months of project implementation. An agreement
with the Bank shall be reached at the latest during loan negotiations. The Borrower shall
update procurement plans throughout the duration of the project at least annually by
including contracts previously awarded and to be procured in the next 12 (twelve)
months. All procurement plans and their updates or modifications shall be subject to the
Bank’s prior review28 and no objection before implementation. After loan negotiations,
the Bank shall arrange the publication on its external website of the agreed initial
procurement plan and all subsequent updates once it has provided a no objection.

27 The Procurement Plan, including their updates, shall set forth at a minimum (i) a brief description of goods, works, and/or non-
consulting services required for the project for which procurement action is to take place during the period in question; (ii) the
proposed methods of procurement as permitted under the Loan Agreement; (iii) any provision for the application of domestic
preference in accordance with paragraph 2.55; (iv) the Bank review requirement and thresholds; and (v) the time schedule for key
procurement activities, and any other information that the Bank may reasonably require. Large numbers of small and similar
contracts may be clubbed. For projects or their components that are demand driven in nature such as Community Driven
Development (CDD), Sector Wide Approaches (SWAps), etc. where specific contracts or their time-schedules cannot be identified
in advance; a suitable template of the Procurement Plan shall be agreed with the Bank for monitoring and implementation of
procurement. If the Project includes the procurement of consulting services, the Procurement Plan should also include the methods
for their selection in accordance with the Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA
Credits and Grants by World Bank Borrowers.

1. See Appendix 1.

II. INTERNATIONAL COMPETITIVE BIDDING

1. General

Introduction

1. The objective of International Competitive Bidding (ICB), as described in these
Guidelines, is to provide all eligible prospective bidders29 with timely and adequate
notification of a Borrower’s requirements and an equal opportunity to bid for the required
goods, works, and non-consulting services.

Type and Size of Contracts

1. 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 the
Bank only in exceptional circumstances such as conditions of high risk or where costs
cannot be determined in advance with sufficient accuracy. Such contracts shall include
appropriate incentives to limit costs.
2. 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 and works, separate
contracts generally are awarded for the supply and/or installation of different items of
equipment and plant30 and for the works.
3. In certain cases, in particular for large industrial and power plants and facilities, the
Bank may accept or require a single responsibility contract in which discrete items of
equipment and works are grouped into a contract package.31  A single responsibility
contract may be a turnkey contract in which one entity assumes total responsibility to
provide an industrial plant or facility fully-equipped and ready for operation (at the "turn
of the key").32 Contracts involving construction, installation or assembly, and related
services may also be awarded to contractors under management contracts.33
4. For a project requiring similar but separate items of equipment or works, bids may
be invited under a slice and package procedure that would attract the interest of both
small and large firms, which could be allowed, at their option, to bid for individual

29 See paragraphs 1.8, 1.9, and 1.10.

30 For purposes of these Guidelines, “plant" refers to installed equipment, as in a production facility.

31 Typically, such single responsibility contracts include various plants, equipment, machinery, materials or parts thereof, and include
all procurement activities, the supply and assembly and/or installation of equipment, the construction of a complete facility or
specialized works to be incorporated in the facility. Such contracts could be a Supply and Installation contract where the Borrower
prepares and remains responsible for basic and detailed engineering and design, or a Design, Supply, and Installation contract
where the Contractor prepares and is also responsible for the engineering and design.

32 A turnkey contract is a single responsibility contract based on a "lump-sum" price under which payments are made as per
contractual milestones when they are met. For such contracts, usually only the basic design (i.e. the main parameters of the
engineering project) is provided by the Employer.

33 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 Borrower, who does not take on such risks. If financed by
the Bank, the Construction Manager shall be selected under the Consultant Guidelines (paragraph 3.11).

contracts (slices) or for a group of similar contracts (package). All bids and combinations
of bids shall be received by the same deadline and opened and evaluated simultaneously
so as to determine the bid or combination of bids offering the lowest evaluated cost to the
Borrower.34

Two-Stage Bidding

1. In the case of contracts for: (a) large complex facilities awarded as single
responsibility (including as turnkey) contracts for the design, supply and installation, or
single responsibility contracts for the supply and installation of a facility or plant; (b)
works of a complex and special nature; or (c) complex information and communication
technology that are subject to rapid technology advances, it may be undesirable or
impractical to prepare complete technical specifications in advance. Due to the complex
nature of such contracts and in order to avoid deviations from the Borrower’s
specifications, the Bank may require the use of a two-stage bidding procedure. First, un-
priced technical proposals on the basis of a conceptual design or performance
specifications are invited, subject to technical as well as commercial clarifications and
adjustments, to be followed by amended bidding documents35 and the submission of final
technical and priced bids in the second stage.

Notification and Advertising

1. Timely notification of bidding opportunities is essential in competitive bidding.
The Borrower is required to prepare and submit to the Bank a General Procurement
Notice. The Bank will arrange for its publication in UN Development Business online
(UNDB online) and on the Bank’s external website.36 The General Procurement Notice
shall contain information concerning the Borrower (or prospective Borrower), amount
and purpose of the loan, scope of procurement reflecting the Procurement Plan, and the
name, telephone (or fax) number, and address(es) of the Borrower’s agency(ies)
responsible for procurement, and the address of a widely used electronic portal with free
national and international access or website where the subsequent Specific Procurement
Notices will be posted. If known, the scheduled date for availability of prequalification or
bidding documents should be indicated. The related prequalification or bidding
documents, as the case may be, shall not be released to the public earlier than the date of
publication of the General Procurement Notice.
2. Invitations to prequalify or to bid, as the case may be, shall be advertised as
Specific Procurement Notices in at least one newspaper of national circulation in the
Borrower’s country, or in the official gazette, or on a widely used website or electronic
portal with free national and international access, in English, French, or Spanish, or at the
option of the Borrower, in a national language as defined under paragraph 2.15. Such
invitations shall also be published in UNDB online. Notification shall be given in

34 See paragraphs 2.49 - 2.54 for the bid evaluation procedures.

35 In revising the bidding documents in the second stage, the Borrower shall respect the confidentiality of the bidders’ technical
proposals used in the first stage, consistent with requirements of transparency and intellectual property rights.

36 UNDB online is a publication of the United Nations. Subscription information is available from: Development Business, United
Nations, GCPO Box 5850, New York, NY 10163-5850, USA (website: [www.devbusiness.com;](http://www.devbusiness.com/) e-mail: dbsubscribe@un.org).
World Bank External Website: [www.worldbank.org.](file://LDrive50B/HQ-Private1/WB368631/Home/GLs/www.worldbank.org)

sufficient time to enable prospective bidders to obtain prequalification or bidding
documents and prepare and submit their responses37. The Bank will arrange the
simultaneous publication of all Specific Procurement Notices prepared and submitted by
the Borrowers on the Bank’s external website.

Prequalification of Bidders

1. Prequalification is usually necessary for large or complex works, or in any other
circumstances in which the high costs of preparing detailed bids could discourage
competition, such as custom-designed equipment, industrial plant, specialized services,
some complex information and technology and contracts to be let under single
responsibility (including turnkey), design and build, or management contracting. This
also ensures that invitations to bid are extended only to those who have adequate
capabilities and resources. Prequalification shall be based entirely upon the capability and
resources of prospective eligible bidders to perform the particular contract satisfactorily,
taking into account objective and measurable factors, including: (a) relevant general and
specific experience, and satisfactory past performance and successful completion of
similar contracts over a given period; (b) financial position; and, where relevant, (c)
capability of construction and/or manufacturing facilities.
2. The invitation to prequalify for bidding on specific contracts or groups of similar
contracts shall be advertised and notified as described in paragraphs 2.7 and 2.8 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. The Borrower shall use the Standard
Prequalification Document issued by the Bank with minimum changes as may be
necessary and acceptable to the Bank. All such applicants that meet the specified criteria
shall be allowed to bid. Borrowers shall inform all applicants of the results of
prequalification. As soon as the prequalification is completed, the bidding documents
shall be made available to the qualified prospective bidders. For prequalification for
groups of contracts to be awarded either at the same time or 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 technical capability and financial resources to meet qualification criteria for the
combined contracts. When the time elapsed between the Borrower’s decision with regard
to the list of prequalified firms and the issuance of bid invitations is longer than 12
(twelve) months, the Bank may require that the a new prequalification process be
conducted through re-advertisement. The verification of the information upon which
bidders were prequalified, including their current commitments, shall be carried out at the
time of the award of contract, along with their capability with respect to personnel and
equipment. The award may be denied to a bidder that is judged to no longer meet the
required qualification criteria with respect to technical capability and financial resources
to successfully perform the contract. If none or very few applicants are found to be
prequalified, which would result in a lack of competition, the Borrower may issue a
revised prequalification invitation subject to the Bank’s prior no objection.
3. See paragraph 2.44.
4. Bidding Documents

General

1. The bidding documents shall furnish all information necessary for a prospective
bidder to prepare a bid for the goods, works, and non-consulting services to be provided.
While the detail and complexity of these documents may vary with the size and nature of
the proposed bid package and contract, they generally include: invitation to bid;
instructions to bidders and bid data sheet; form or letter of bid; form of contract;
conditions of contract, both general and particular; specifications and drawings; relevant
technical data (including of geological and environmental nature); list of goods or bill of
quantities; delivery time or schedule of completion; and necessary appendices, such as
formats for various securities. The basis for bid evaluation and selection of the lowest
evaluated bid shall be clearly outlined in the instructions to bidders and/or the
specifications. If a fee is charged for the bidding documents, it shall be reasonable and
reflect only the cost of their typing, printing or publishing in an electronic format, and
delivery to prospective bidders, and shall not be so high as to discourage qualified
bidders. The bidding documents for works may indicate the estimated total cost of the
contract, but shall not indicate detailed Borrower’s cost estimates such as priced bills of
quantities. The Borrower may use an electronic system to distribute bidding documents,
provided that the Bank is satisfied with the adequacy of such system. If bidding
documents are distributed electronically, the electronic system shall be secure to avoid
modifications to the bidding documents and shall not restrict the access of Bidders to the
bidding documents. Guidance on critical components of the bidding documents are given
in the following paragraphs.
2. Borrowers shall use the appropriate Standard Bidding Documents (SBDs) issued by
the Bank with minimum changes, acceptable to the Bank, as necessary to address project-
specific conditions. Any such changes shall be introduced only through bid or contract
data sheets, or through special conditions of contract, and not by introducing changes in
the standard wording of the Bank’s SBDs. When no relevant SBDs have been issued, the
Borrower shall use other internationally recognized standard conditions of contract and
contract forms acceptable to the Bank.

Validity of Bids and Bid Security

1. Bidders shall be required to submit bids valid for a period specified in the bidding
documents which shall be sufficient to enable the Borrower to complete the comparison
and evaluation of bids, and obtain all the necessary approvals within the Borrower’s
entity and the Bank’s no objection to the recommendation of award (if required in the
Procurement Plan) so that the contract can be awarded within that period.
2. Borrowers have the option of requiring a bid security. When used, the bid security
shall be in the amount and form specified in the bidding documents38 and shall remain

38 The format of the bid security shall be in accordance with the SBDs and shall be issued by a reputable bank or financial institution,
such as an insurance, or bonding or surety company, selected by the bidder. If the security is issued by a financial institution that is
located outside the country of the Borrower, such financial institution shall have a correspondent financial institution located in the
country of the Borrower to make it enforceable. Bidders shall be allowed to submit bank guarantees directly issued by the bank of
their choice located in any eligible country.

valid for a period (generally 4 (four) weeks beyond the validity period for the bids)
sufficient to provide reasonable time for the Borrower 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 Borrower may require bidders to
sign a declaration accepting that if they withdraw or modify their bids during the period
of validity or they are awarded the contract and they fail to sign the contract or to submit
a performance security before the deadline defined in the bidding documents, the bidder
will be suspended for the period of time specified in the bidding documents from being
eligible to bid for any contract with the entity that invited bids.

Language

1. Prequalification and bidding documents shall be prepared in one of the following
languages, selected by the Borrower: English, French, or Spanish. In addition to one of
the above languages, the Borrower has the option to issue translated versions of these
documents in another language which should either be: (a) the national language of the
Borrower; or (b) the language used nation-wide in the Borrower’s country for
commercial transactions, hereinafter both are called the “National Language”.39 If these
documents are issued in two languages, firms shall have the option to submit their
prequalification application or bid, as the case may be, in any one of the two languages in
which these documents are issued. The contract signed with the winning bidder shall
always be written in the language in which its bid was submitted, which shall be the one
that governs the contractual relations between the Borrower and the bidder. If the contract
is signed in the National Language, the Borrower shall provide the Bank with an accurate
translation of the contract in English, French, or Spanish when submitting the original
contract in accordance with Appendix 1. Bidders shall neither be required nor permitted
to sign contracts in more than one language.

Clarity of Bidding Documents

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

39 The Bank shall be satisfied with the language to be used. The Borrower shall take full responsibility for the correct translation of
the documents in the National Language. In case of any discrepancy with the documents in English, French, or Spanish, the text in
the latter shall prevail.

If the Borrower has more than one National Language and a national law requires official acts to be issued in all national languages,
the Borrower shall use one National Language in the prequalification or bidding documents, and may issue translated versions in
the other languages.

otherwise evaluated. If bids based on alternative designs, materials, completion
schedules, payment terms, etc. are permitted, conditions for their acceptability and the
method of their evaluation shall be expressly stated.

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

Standards

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

Use of Brand Names

1. Specifications shall be based on relevant characteristics and/or performance
requirements. References to brand names, catalog numbers, or similar classifications
shall be avoided. If it is necessary to quote a brand name or catalog 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. Before the Borrower
issues bidding documents for specific goods with a brand name that does not have any
equivalent, especially for Information Technology Systems, it shall submit to the Bank
for review and no objection a comprehensive justification, including grounds of
compatibility with existing systems and previous investments in the branded item.

Pricing

1. Bids for goods shall be invited on the basis of CIP40 (place of destination) for all
goods manufactured abroad and to be imported. Bids for goods that were previously
imported shall be invited on the basis of CIP (place of destination) separately indicating
the actual amount of customs duties and import taxes already paid. Bids for goods
manufactured in the Borrower’s country shall be invited on the basis of EXW41 (ex.
works, ex factory, or off-the-shelf) plus cost of inland transportation and insurance to the
place of destination. Bidders shall be allowed to arrange for ocean and other
transportation and related insurance from any eligible source.42 Where installation,
commissioning, or other similar services are required to be performed by the bidder, as in
the case of supply and installation contracts, the bidder shall be required to quote for
these services.
2. In the case of single responsibility (including turnkey) contracts, the bidder shall be
required to quote the price of the installed facility or plant at site, including all costs for
supply of equipment, marine and local transportation and insurance, installation, and
commissioning, as well as associated works and all other services included in the scope
of contract such as design, maintenance, operation, etc. Unless otherwise specified in the
bidding documents, a turnkey contract price shall include all duties, taxes, and other
levies.43
3. Bidders for works and non-consulting services shall be required to quote unit prices
or lump sum prices for the performance of the works or non-consulting services, and such
prices shall include all duties, taxes, and other levies. Bidders shall be allowed to obtain
all inputs (except for unskilled labor) from any eligible source so that they may offer their
most competitive bids.

Price Adjustment

1. Bidding documents shall state either that (a) bid prices will be fixed or (b) that price
adjustments will be made to reflect any changes (upwards or downwards) in major cost
components of the contract, such as labor, equipment, materials, and fuel. Price
adjustment provisions are usually not necessary in simple contracts involving delivery of
goods or completion of works within 18 (eighteen) months, but shall be included in
contracts which extend beyond 18 (eighteen) months. The bidding documents for
contracts of shorter duration may also include a similar provision for price adjustment

40 Refer for further definitions to the current Incoterms 2010, or as revised from time to time, published by the International Chamber
of Commerce (ICC), 38 Cours Albert 1er, 75008, Paris, France. CIP is carriage and insurance paid to (named place of destination).
This term may be used irrespective of the mode of transport, including multimodal transport. CIP term is for custom duties and
other import taxes unpaid, payment for which is the responsibility of the Borrower, either for goods previously imported or that will
be imported. For previously imported goods, the quoted CIP price shall be distinguishable from the original import value of these
goods declared to customs and shall include any rebate or mark-up of the local agent or representative and all local costs except
import duties and taxes, which will be paid by the purchaser.

41 The EXW price shall include all duties, sales, and other taxes already paid or payable for the components and raw materials used in
the manufacture or assembly of the equipment offered in the bid. Manufactured goods include assembled goods.

42 See paragraphs 1.8, 1.9, and 1.10.

43 Goods in bids for turnkey contracts may be invited on the basis of DDP (named place of destination) and Bidders should be free to
choose the best arrangement between imported goods or goods manufactured in the country of the Borrower, in the preparation of
their bids.

when future local or foreign inflation is expected to be high. However, it is standard
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.

1. Prices shall be adjusted by the use of a prescribed formula (or formulae) which
breaks down the total price into components that are adjusted by price indices specified
for each component The formula(e) and the base date for application shall be clearly
defined in the bidding documents. If the payment currency is different from the source of
the input and corresponding index, a correction factor shall be applied in the formulae, to
avoid incorrect adjustment. Under exceptional circumstances, bidding documents may
provide for price adjustment on the basis of documentary evidence (including actual
invoices) provided by the Supplier or Contractor.

Transportation and Insurance

1. Bidding documents shall permit suppliers and contractors to arrange transportation
and insurance from any eligible source. Bidding documents shall state the types and
terms of insurance to be provided by the bidder. For all contracts, usually an All Risk
form of policy shall be specified. For goods and for single responsibility contracts, the
indemnity payable under transportation insurance shall be at least 110% (one hundred ten
percent) of the CIP price of the goods to be imported in the currency of the contract or in
a freely convertible currency to enable prompt replacement of lost or damaged goods. For
large construction or supply and install projects with several contractors on a site, a
“wrap-up” or total project insurance arrangement may be obtained by the Borrower, in
which case the Borrower shall seek competition for such insurance under procedures
acceptable to the Bank if the cost of insurance is to be financed by the Bank.
2. As an exception, if a Borrower does not wish to obtain insurance coverage through
the contract, and wishes to make its own arrangements or to reserve transportation and
insurance to national companies or other designated sources, it shall provide evidence
satisfactory to the Bank that (a) resources are readily available for prompt payment, in a
freely convertible currency among the currencies of payment of the contract, of the
indemnities required to replace lost or damaged goods, and (b) risks are adequately
covered. In addition, for the import of goods, bidders shall be asked to quote FCA
(named place of dispatch) or CPT (named place of destination)44 prices in addition to the
CIP (place of destination) price specified in paragraph 2.21. The selection of the lowest
evaluated bid shall be on the basis of the CIP (place of destination) price, but the
Borrower may sign the contract on FCA or CPT terms and make its own arrangements
for transportation and/or insurance. Under such circumstances, Bank financing shall be
limited to the FCA or CPT cost of the contract.

Currency Provisions

1. Bidding documents shall state the currency or currencies in which bidders are to
state their prices, the procedure for conversion of prices expressed in different currencies
into a single currency for the purpose of comparing bids, and the currencies in which the

44 Incoterms 2010 for free carrier (named place) and for carriage paid to (named place of destination), respectively.

contract price will be paid. The following provisions (paragraphs 2.29-2.33) are intended
to (a) ensure that bidders have the opportunity to minimize any exchange risk with regard
to the currency of bid and of payment, and hence may offer their best prices; (b) give
bidders in countries with weak currencies the option to use a stronger currency and thus
provide a firmer basis for their bid price; and (c) ensure fairness and transparency in the
evaluation process.

Currency of Bid

1. Bidding documents shall state that the bidder may express the bid price in any
currency. If the bidder wishes to express the bid price as a sum of amounts in different
foreign currencies, they may do so, provided the price includes no more than three
foreign currencies. Furthermore, the Borrower may require bidders to state the portion of
the bid price representing local costs incurred in the currency45 of the country of the
Borrower.
2. In bidding documents for works, the Borrower may require bidders to state the bid
price entirely in the local currency, along with the requirements for payments in up to
three foreign currencies of their choice for expected inputs from outside the Borrower’s
country, expressed as a percentage of the bid price, together with the exchange rates used
in such calculations.

Currency Conversion for Bid Comparison

1. The bid price is the sum of all payments in various currencies required by the
bidder. For the purpose of comparing prices, bid prices shall be converted to a single
currency selected by the Borrower (local currency or fully convertible foreign currency)
and stated in the bidding documents. The Borrower 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 on a date selected in advance, with such source and date to be
specified in the bidding documents, provided that the date shall not be earlier than 4
(four) weeks prior to the deadline for the receipt of bids, nor later than the original date
for the expiry of the period of bid validity.

Currency of Payment

1. Payment of the contract price shall be made in the currency or currencies in which
payment has been requested in the bid of the successful bidder as per paragraph 2.29.
2. When the bid price is required to be stated in the local currency but the bidder has
requested payment in foreign currencies expressed as a percentage of the bid price, the
exchange rates to be used for purposes of payments shall be those specified by the bidder
in the bid, so as to ensure that the value of the foreign currency portions of the bid is
maintained without any loss or gain.

45 Hereafter referred to as “local currency'’.

Terms and Methods of Payment

1. Payment terms shall be in accordance with the international commercial practices
applicable to the specific goods, works, and non-consulting services.
2. 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
Bank normally requires the use of letters of credit so as to assure prompt payment to
the Supplier. In major contracts for equipment and plant, provisions shall be made
for suitable advances and, in contracts of long duration, for progress payments
during the period of manufacture or assembly.
3. Contracts for works shall provide, in appropriate cases for mobilization 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 mobilization and similar expenses, made upon signature
of a contract for goods, works, and non-consulting services, shall be related to the
estimated amount of these expenses and be specified in the bidding documents. Amounts
and timing of other advances to be made, such as for materials delivered to the site for
incorporation in the works, shall also be specified. The bidding documents shall specify
the arrangements for any security required for advance payments.
5. Bidding documents shall specify the payment method and terms offered, whether
alternative payment methods and terms will be allowed, and, if so, how the terms will
affect bid evaluation.

Alternative Bids

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

Conditions of Contract

1. The contract documents shall clearly define the scope of work to be performed, the
goods to be supplied, the services to be provided, the rights and obligations of the
Borrower and of the Supplier or Contractor, and the functions and authority of the
Engineer, Architect, or Construction Manager, if one is employed by the Borrower, in the
supervision and administration of the contract. In addition to the general conditions of
contract, any particular conditions for the specific goods, works, and non-consulting
services to be procured and the location of the project shall be included. The conditions
of contract shall provide a balanced allocation of risks and liabilities.

Performance Security and Retention Money

1. Contracts for works and single responsibility contracts shall require security in an
amount sufficient to protect the Borrower in case of breach of contract by the Contractor.

This security shall be provided in an appropriate form and amount, as specified by the
Borrower in the bidding document.46 The amount of the security may vary, depending on
the type of security furnished and on the nature and magnitude of the works or facilities.
A portion of this security shall extend sufficiently beyond the date of completion of the
works or facilities to cover the defects liability or maintenance period up to final
acceptance by the Borrower. Contracts for works may provide for a percentage of each
periodic payment to be held as retention money until final acceptance. Contractors may
be allowed to replace retention money with an equivalent security in the form of a Bank
security or guarantee after provisional acceptance.

1. In contracts for the supply of goods, the need for performance security depends on
the market conditions and commercial practice for the particular kind of goods. Suppliers
or manufacturers may be required to provide a security in an appropriate and reasonable
amount to protect against nonperformance of the contract. The security shall, if required,
also cover warranty obligations and any installation or commissioning requirements in
accordance with the applicable SBD.

Liquidated Damages and Bonus Clauses

1. Provisions for liquidated damages or similar provisions in an appropriate amount
shall be included in the conditions of contract when delays in the delivery of goods,
completion of works, or failure of the goods, works, and non-consulting services to meet
performance requirements would result in extra cost, or loss of revenue, or loss of other
benefits to the Borrower. 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
Borrower.

Force Majeure

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

Applicable Law and Settlement of Disputes

1. The conditions of contract shall include provisions dealing with the applicable law
and the forum for the settlement of disputes. International commercial arbitration in a
neutral venue has practical advantages over other methods for the settlement of disputes.
Therefore, the Bank requires that Borrowers use this type of arbitration in contracts for
the procurement of goods, works, and non-consulting services unless the Bank has
specifically agreed to waive this requirement for justified reasons such as equivalent
national regulations and arbitration procedures, or the contract has been awarded to a
bidder from the Borrower’s country. The Bank shall not be named arbitrator or be asked

46 The format of the performance security shall be in accordance with the SBDs and shall be issued by a reputable bank or financial
institution, such as an insurance, or bonding or surety company, selected by the bidder. If the security is issued by a financial
institution located outside the country of the Borrower, such financial institution shall have a correspondent financial institution
located in the country of the Borrower to make it enforceable. Bidders shall be allowed to submit bank guarantees directly issued by
the bank of their choice located in any eligible country.

to name an arbitrator47. In case of works contracts, supply and installation contracts, and
single responsibility (including turnkey) contracts, the dispute settlement provision shall
include mechanisms such as dispute review boards or adjudicators, which are designed to
permit a speedier dispute settlement.

C. Bid Opening, Evaluation, and Award of Contract

Time for Preparation of Bids

1. The time allowed for the preparation and submission of bids shall be determined
with due consideration of the particular circumstances of the project and the magnitude
and complexity of the contract. Generally, not less than 6 (six) weeks from the date of the
invitation to bid or the date of availability of bidding documents, whichever is later, shall
be allowed for ICB. Where large works or complex items of equipment are involved, this
period shall generally be not less than 12 (twelve) weeks to enable prospective bidders to
conduct investigations before submitting their bids. In such cases, the Borrower is
encouraged to convene pre-bid conferences and arrange site visits. Bidders shall be
permitted to submit bids by mail or in person. Borrowers may also use electronic systems
permitting bidders to submit bids by electronic means, provided the Bank is satisfied with
the adequacy of the system, including, inter alia, that the system is secure, maintains the
integrity, confidentiality, and authenticity of bids submitted, and 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 invitation to bid.

Bid Opening Procedures

1. The time for the bid opening shall be the same as for the deadline for receipt of bids
or promptly48 thereafter, and shall be announced, together with the place for bid opening,
in the invitation to bid. The Borrower shall open all bids received by the deadline for bid
submission at the designated place stipulated in the bidding documents, irrespective of
the number of bids received by such deadline. At the bid opening, the Borrower shall
neither discuss the merits of any bid nor reject any bid. Bids shall be opened in public;
bidders or their representatives shall be allowed to be present (in person or online when
electronic bidding is used). The name of the bidder and total amount of each bid, and of
any alternative bids, if they have been requested or permitted, shall be read aloud (and
posted online when electronic bidding is used) and recorded when opened, and a copy of
this record shall be promptly sent to the Bank and to all bidders who submitted bids in
time. Bids received after the time stipulated, as well as those not opened and read out at
bid opening, shall not be considered.

Clarifications or Alterations of Bids

1. Except as otherwise provided in paragraphs 2.63 and 2.64 of these Guidelines,
bidders shall not be requested or permitted to alter their bids, including through any

47 It is understood, however, that officials of the International Centre for Settlement of Investment Disputes (ICSID) shall remain free
to name arbitrators in their capacity as ICSID officials.

48 To allow sufficient time to take the bids to the place announced for public bid opening.

voluntary increase or decrease in bid prices, after the deadline for receipt of bids. The
Borrower shall ask bidders for clarification needed to evaluate their bids but shall not ask
or permit bidders to change the substance or price of their bids after the bid opening.
Requests for clarification and the bidders’ responses shall be made in writing, in hard
copy or by an electronic system satisfactory to the Bank.49

Confidentiality

1. After the public opening of bids, information relating to the examination,
clarification, and evaluation of bids and recommendations concerning awards shall not be
disclosed to bidders or other persons not officially concerned with this process until the
publication of the award of contract.

Examination of Bids

1. The Borrower shall ascertain whether the bids (a) meet the eligibility requirements
specified in paragraph 1.8, 1.9, and 1.10 of these Guidelines, (b) have been properly
signed, (c) are accompanied by the required securities or required declaration signed as
specified in paragraph 2.14 of the Guidelines, (d) are substantially responsive to the
bidding documents, and (e) are otherwise generally in order. If a bid, including with
regard to the required bid security, is not substantially responsive, that is if it contains
material deviations from or reservations to the terms, conditions, and specifications in the
bidding documents, it shall not be considered further. The bidder shall neither be
permitted nor invited by the Borrower to correct or withdraw material deviations or
reservations once bids have been opened.50

Evaluation and Comparison of Bids

1. The purpose of bid evaluation is to determine the cost to the Borrower of each bid
in a manner that permits a comparison on the basis of their evaluated cost. Subject to
paragraph 2.58, the bid with the lowest evaluated cost,51 but not necessarily the lowest
submitted price, shall be selected for award.
2. The bid price read out at the bid opening shall be adjusted to correct any
arithmetical errors. Also, for the purpose of evaluation, adjustments shall be made for any
quantifiable non-material deviations or reservations. Price adjustment provisions
applying to the period of implementation of the contract shall not be taken into account in
the evaluation.
3. The evaluation and comparison of bids shall be on CIP (place of destination) prices
for the supply of imported goods52 and EXW prices, plus cost of inland transportation
and insurance to the place of destination, for goods manufactured within the Borrower’s

49 See paragraph 2.44.

50 See paragraph 2.50 regarding corrections.

51 See paragraph 2.52.

52 Borrowers may ask for prices on a CIF basis (and bids compared on that same basis) only when the goods are carried by sea and the
goods are not containerized. CIF shall not be used for anything other than sea transport. In the case of manufactured goods, it is
unlikely that the choice of CIF will be appropriate, because these goods are usually containerized. CIP can be used for any mode of
transport, including sea and multimodal transport.

country, together with prices for any required installation, training, commissioning, and other similar non-consulting services.53

1. Bidding documents shall also specify the relevant factors in addition to price to be
considered in bid evaluation and the manner in which they will be applied for the purpose
of determining the lowest evaluated bid. For goods and equipment, other factors may be
taken into consideration including, among others, payment schedule, delivery time,
operating costs, efficiency and compatibility of the equipment, availability of service and
spare parts, and related training, safety, and environmental benefits. The factors other
than price to be used for determining the lowest evaluated bid shall be, to the extent
practicable, expressed in monetary terms in the evaluation provisions in the bidding
documents.54
2. Under works and turnkey contracts, contractors are responsible for all duties, taxes,
and other levies,55 and bidders shall take these factors into account in preparing their bids.
The evaluation and comparison of bids shall be on this basis. Bid evaluation for works
shall be strictly in monetary terms. Any procedure under which bids above or below a
predetermined assessment of bid values are automatically disqualified is not acceptable.
If time is a critical factor, the value of early completion to the Borrower may be taken
into account according to criteria presented in the bidding documents, only if the
conditions of contract provide for commensurate penalties for noncompliance.
3. The Borrower shall prepare 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 contract. Borrowers shall provide as a minimum all information required in the
Standard Form of Bid Evaluation Report issued by the Bank in addition to other
information the Bank deems relevant.

Domestic Preferences

1. At the request of the Borrower, and as stipulated in the agreed Procurement Plan
and set forth in the bidding documents, a margin of preference may be provided in the
evaluation of bids for:
2. goods manufactured in the country of the Borrower when comparing bids offering
such goods with those offering goods manufactured abroad; and
3. works in member countries below a specified threshold of GNP56 per capita, when
comparing bids from eligible domestic contractors with those from foreign firms.
4. Where preference for domestically manufactured goods or for domestic contractors
is allowed, the methods and stages set forth in Appendix 2 to these Guidelines shall be
followed in the evaluation and comparison of bids.

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

54 Exceptionally, relative weight may be given when specifications cannot be precisely defined or factors other than price cannot
always be expressed in monetary terms such as may occur for the procurement of complex information technology and textbooks.

55 Unless bidding documents specify otherwise for some turnkey contracts (see paragraph 2.22).

56 Gross national product as defined annually by the Bank.

Extension of Validity of Bids

1. Borrowers shall complete evaluation of bids and the award of contract within the
initial period of bid validity so that extensions are not necessary. An extension of bid
validity, if justified by exceptional circumstances, shall be requested in writing from all
bidders before the expiration date. The extension shall be for the minimum period
required to complete the evaluation, obtain the necessary no objections, and award the
contract. In the case of fixed price contracts, requests for second and subsequent
extensions may be permissible only if the Borrower has provided an appropriate
mechanism as provided in the Bank’s relevant SBD to adjust the quoted price of the
winning bidder to reflect any increase in the cost of inputs for the contract over the period
of extension. Whenever an extension of bid validity period is requested, bidders shall not
be requested or be permitted to change the quoted (base) price or other conditions of their
bid. Bidders shall have the right to refuse to grant such an extension. If the bidding
documents require a bid security, bidders may exercise their right to refuse to grant such
an extension without forfeiting their bid security and are hence disqualified, but those
who are willing to extend the validity of their bid shall be required to provide a suitable
extension of bid security.

Postqualification of Bidders

1. If bidders have not been prequalified, the Borrower shall determine whether the
bidder whose bid has been determined to offer the lowest evaluated cost has the
capability and resources to effectively carry out the contract as offered in the bid. The
criteria to be met shall be set out in the bidding documents, and if the bidder does not
meet them, the bid shall be rejected. In such an event, the Borrower shall make a similar
determination for the next-lowest evaluated bidder.

Award of Contract

1. The Borrower shall award the contract, within the period of the validity of bids, to
the bidder who meets the appropriate standards of capability and resources and whose bid
has been determined (i) to be substantially responsive to the bidding documents and (ii)
to offer the lowest evaluated cost57. A bidder shall neither be required nor permitted, as a
condition of award, to undertake responsibilities for work not stipulated in the bidding
documents or otherwise to modify the bid as originally submitted.

Publication of the Award of Contract

1. The Borrower shall ensure that the procedure for publication of the award of
contract as specified in paragraph 7 of Appendix 1 is followed.

Rejection of All Bids

1. Bidding documents usually provide that Borrowers may reject all bids. Rejection of
all bids is justified when there is lack of effective competition, or all bids are not
substantially responsive, or no bidder meets the specified qualification criteria, or the bid

57 Referred to as “lowest evaluated bidder” and “lowest evaluated bid”, respectively.

price of the lowest evaluated winning bid is substantially higher than the Borrower’s
updated estimated cost or available budget. Lack of competition shall not be determined
solely on the basis of the number of bidders. Even when only one bid is submitted, the
bidding process may be considered valid, if the bid was satisfactorily advertised, the
qualification criteria were not unduly restrictive, and prices are reasonable in comparison
to market values. If all bids are rejected, the Borrower shall review the causes justifying
the rejection of all bids and make appropriate revisions to the bidding documents58 before
re-inviting bids. The revision of qualification criteria may be justified only when they
were set too stringently.

1. If for justified reasons, re-advertisement is not practical or the rejection is due to all
of the bids being nonresponsive, new bids may be invited, with the prior no objection of
the Bank, from the initially prequalified firms, or, in the absence of prequalification, from
all firms that purchased the initial bidding documents. Exceptionally, when justified, the
Bank may agree to re-invite only those firms that submitted bids in the first instance.
2. All bids shall not be rejected and new bids invited on the same bidding and contract
documents solely for the purpose of obtaining lower prices. If the lowest evaluated
responsive bid exceeds the Borrower’s updated cost estimates by a substantial margin,
the Borrower shall investigate causes for the excessive cost and consider requesting new
bids as described in the previous paragraphs. Alternatively, the Borrower may negotiate
with the lowest evaluated bidder to try to obtain a satisfactory contract through a
reduction in the scope and/or a reallocation of risk and responsibility which can be
reflected in a reduction of the contract price. However, substantial reduction in the scope
or modification to the contract documents may require rebidding.
3. The Bank’s prior no objection shall be obtained before rejecting all bids, soliciting
new bids, or entering into negotiations with the lowest evaluated bidder.

Debriefing by the Borrower

1. In the publication of the award of contract referred to in paragraph 2.60 and
paragraph 7 of Appendix 1, the Borrower shall specify that any bidder who wishes to
ascertain the grounds on which its bid was not selected, should request an explanation
from the Borrower. The Borrower shall promptly provide in writing an explanation of
why such bid was not selected. If a bidder requests a debriefing meeting, the bidder shall
bear all their costs of attending such a debriefing meeting.
2. Modified ICB

Operations Involving a Program of Imports59

1. Where the loan provides financing for a program of imports, ICB with simplified
advertising and currency provisions may be used for large-value contracts, as defined in
the Loan Agreement.60

58 Such revisions may relate to the scope or conditions of contract, or minimum post qualification criteria (in the absence of
prequalification), or the design and specifications, etc. or a combination thereof.

59 Also see paragraph 3.12.

1. The simplified provisions for notification of ICB procurement do not require a
General Procurement Notice. Specific Procurement Notices shall be inserted in at least
one newspaper of national circulation in the Borrower’s country (or in the official
gazette, if any, or on a widely used website or electronic portal with free national and
international access) in addition to UNDB online and the Bank’s external website. The
period allowed for submission of bids may be reduced to 4 (four) weeks. Bidding and
payment may be limited to one currency widely used in international trade.

Procurement of Commodities

1. Market prices of commodities, such as grain, animal feed, cooking oil, fuel,
fertilizer, and metals, fluctuate depending upon the demand and supply at any particular
time. Many are quoted in established commodity markets. Procurement often involves
multiple awards for partial quantities to assure security of supply and multiple purchases
over a period of time to take advantage of favorable market conditions and to keep
inventories low. A list of prequalified bidders may be drawn up to whom periodic
invitations are issued. Bidders may be invited to quote prices linked to the market price at
the time of or prior to the shipments. Bid validities shall be as short as possible. A single
currency in which the commodity is usually priced in the market may be used for bidding
and payment. The currency shall be specified in the bidding document. Bidding
documents may permit telexed or faxed bids or bids submitted by electronic means, and
in such cases either no bid security is required, or standing bid securities valid over a
specified period of time have been submitted by prequalified bidders. Standard contract
conditions and forms consistent with market practices shall be used.

60 Procurement of smaller contracts is normally carried out in accordance with procedures followed by the private or public entity handling the imports, or other established commercial practices acceptable to the Bank, as described in paragraph 3.13.

1. OTHER METHODS OF PROCUREMENT

General

1. This Section describes the methods of procurement that can be used where ICB
would not be the most economic and efficient method of procurement, and where other
methods are deemed more appropriate61 or in the case of paragraph 3.20, when the Bank
has agreed to the use of the public procurement system of the Borrower country. The
Bank’s policies with respect to margins of preference for domestically manufactured
goods, works, and non-consulting services contracts do not apply to methods of
procurement other than ICB. Paragraphs 3.2 to 3.5 and paragraph 3.7 describe the
generally used methods in descending order of preference and the remaining paragraphs
describe the methods used in specific circumstances.

Limited International Bidding

1. Limited International Bidding (LIB) is essentially ICB by direct invitation without
open advertisement. It may be an appropriate method of procurement where (a) there is
only a limited number of suppliers, or (b) other exceptional reasons may justify departure
from full ICB procedures. Under LIB, Borrowers shall seek bids from a list of potential
suppliers broad enough to assure competitive prices, such list to include all suppliers
when there are only a limited number. Domestic preferences are not applicable in the
evaluation of bids under LIB. In all respects other than advertisement and preferences,
ICB procedures shall apply, including the publication of the award of contract as
indicated in paragraph 7 of Appendix 1.

National Competitive Bidding

1. National Competitive Bidding (NCB) is the competitive bidding procedure
normally used for public procurement in the country of the Borrower, and may be the
most appropriate method of procurement of goods, works, and non-consulting services
which, by their nature or scope, are unlikely to attract foreign competition. To be
acceptable for use in Bank-financed procurement, these procedures shall be reviewed and
modified62 as necessary to assure economy, efficiency, transparency, and broad
consistency with the provisions included in Section I of these Guidelines.63 NCB may be
the most appropriate method of procurement where foreign bidders are not expected to be
interested because (a) of the size and value of the contract, (b) works are scattered
geographically or spread over time, (c) works are labor intensive, or (d) the goods, works,
and non-consulting services are available locally at prices below the international market.

61 Contracts shall not be divided into smaller units in order to make them less attractive for ICB procedures; any proposal to divide a
contract into smaller packages shall require the prior no objection of the Bank.

62 Any such modification shall be reflected in the Loan Agreement.

The Bank may agree, if requested by the Borrower, that bidding documents under NCB procedures include a clause rendering
ineligible for Bank financing a firm, or an individual, of the Borrower country that is under a sanction of debarment from being
awarded a contract by the appropriate judicial authority of the Borrower country and pursuant to its relevant laws, provided that the
Bank has determined that the firm, or the individual,-has engaged in fraud or corruption and the judicial proceeding afforded the
firm or the individual adequate due process.

63 This method is distinct from those under the UCS Piloting Program described in paragraph 3.20.

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

1. The complete text of advertisement shall be published in a national newspaper of
wide circulation in the National Language as defined under paragraph 2.15, or in the
official gazette, provided that it is of wide circulation, or on a widely used website or
electronic portal with free national and international access. The Borrower may publish a
shorter version of the advertisement text, including the minimum relevant information, in
the national press provided that the full text is simultaneously published in the official
gazette or on a widely used website or electronic portal with free national and
international access. Notification shall be given to prospective bidders in sufficient time
to enable them to obtain relevant documents. Bidding documents may be issued in the
National Language. The currency of the country of the Borrower is generally used for the
purposes of bidding and payment. In addition, the bidding documents shall provide clear
instructions on how bids should be submitted, how prices should be offered, and the place
and time for submission of bids. Adequate response time for the preparation and
submission of bids shall be provided. The procedures shall provide for adequate
competition in order to ensure reasonable prices, and methods used in the evaluation of
bids and the awards of contract shall be objective and made known to all bidders in the
bidding documents and not be applied arbitrarily. The comparison of all bids and the
award of contract may be based on the total cost at destination including all taxes and
duties. The procedures shall also include public opening of bids, publication of results of
evaluation and of the award of contract as per paragraph 7 of Appendix 1. Borrowers
shall have an effective and independent protest mechanism in place allowing bidders to
protest and have their protests handled in a timely manner. If foreign firms wish to
participate in NCB they shall be allowed to do so on the prevailing NCB terms and
conditions that apply to national bidders.

Shopping

1. Shopping is a procurement method based on comparing price quotations obtained
from several suppliers (in the case of goods), from several contractors (in the case of civil
works), or service providers (in the case of non-consulting services) with a minimum of
three, to assure competitive prices, and is an appropriate method for procuring limited
quantities of readily available off-the-shelf goods or standard specification commodities
of small value, or simple civil works of small value64 when more competitive methods
are not justified on the basis of cost and efficiency. If the Borrower has been unable to
obtain at least three quotations, it shall provide the Bank with the reasons and
justification why no other competitive method could be considered and obtain a no
objection before proceeding on the basis of the only responses already received. Requests
for quotations shall indicate the description and quantity of the goods or specifications of
works, as well as desired delivery (or completion) time and place. Quotations may be
submitted by letter, facsimile, or by electronic means. The evaluation of quotations shall

64 For the purpose of Shopping, and procurement from UN agencies under paragraph 3.10(c) of these Guidelines, a small value
contract should normally not exceed US$100,000 for off-the-shelf goods and commodities and US$200,000 for simple civil works.
Thresholds applicable to each project are defined in the Procurement Plan.

follow the same principles as of open bidding. The terms of the accepted offer shall be
incorporated in a purchase order or brief contract.

Framework Agreements

1. A Framework Agreement (FA) is a long-term agreement with suppliers, contractors
and providers of non-consulting services which sets out terms and conditions under
which specific procurements (call-offs) can be made throughout the term of the
agreement. FAs are generally based on prices that are either pre-agreed, or determined at
the call-off stage through competition or a process allowing their revision without further
competition.65 FAs may be permitted as an alternative to the Shopping and NCB methods
for: (a) goods that can be procured off-the-shelf, or are of common use with standard
specifications; (b) non-consulting services that are of a simple and non-complex nature
and may be required from time to time by the same agency (or multiple agencies) of the
Borrower; or (c) small value contracts for works under emergency operations. The
Borrower shall submit to the Bank for its no objection the circumstances and justification
for the use of an FA, the particular approach and model adopted, the procedures for
selection and award, and the terms and conditions of the contracts. FAs shall not restrict
foreign competition, and should be limited to a maximum duration of 3 (three) years. FA
procedures applicable to the project are those of the Borrowers that have been deemed
acceptable by the Bank, and shall be described in the Loan Agreement. Maximum
aggregate amounts for the use of an FA shall be set in the procurement plan in
accordance with risks and in no case higher than the applicable NCB maximum aggregate
amounts, and shall be agreed with the Bank. FAs shall follow all guiding principles and
procedures of NCB under paragraphs 3.3 and 3.4, including but not limited to the
procedures for advertisement, fair and open competition, an effective and independent
protest mechanism, and transparent bid evaluation and selection criteria. Publication of
award of the FA shall follow the procedure described in paragraph 7 of Appendix 1.

Direct Contracting

1. Direct contracting is contracting without competition (single-source) and may be an
appropriate method under the following circumstances. The Borrower shall submit to the
Bank for its review and no objection a sufficiently detailed justification, including the
rationale for direct contracting instead of a competitive procurement process and the basis
for recommending a particular firm 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
Procurement Plan.
2. An existing contract for goods, works, and non-consulting services, awarded in
accordance with procedures acceptable to the Bank, may be extended for additional
goods, works, and non-consulting services of a similar nature. The Bank shall be

65 Borrowers have adopted different models of FAs under different names. The three most commonly used models, based on closed or
open, one-stage or two-stage, competition methods, are: (i) “Closed FA” based on predefined criteria including for the award of
“call offs”, signed with one or multiple suppliers/contractors and not permitting new entrants during the duration of the agreement;
(ii) “Closed FA” with a restriction on new entrants but conducted in two stages: a first stage to select more than one
supplier/contractor, and a second stage when call-offs are decided through competition among suppliers/contractors selected at the
first stage and the award is made to the lowest evaluated bidder based on the offered priced and delivery conditions; and (iii) “Open
FA” also following a two-stage approach as per the above model, but without any restrictions on the participation of new entrants.

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;

1. standardization of equipment or spare parts, to be compatible with existing
equipment, may justify additional purchases from the original Supplier. For such
purchases to be justified, the original equipment shall be suitable, the number of
new items shall generally be less than the existing number, the price shall be
reasonable, and the advantages of another make or source of equipment shall have
been considered and rejected on grounds acceptable to the Bank;
2. the required equipment is proprietary and obtainable only from one source;
3. the procurement of certain goods from a particular supplier is essential to achieve
the required performance or functional guarantee of an equipment or plant or
facility;
4. in exceptional cases, such as, but not limited to, in response to natural disasters and
emergency situations declared by the Borrower and recognized by the Bank; and
5. in circumstances that are in accordance with the provisions of paragraph 3.10 for
procurement from UN Agencies.
6. The procedure for the publication of the award of contract is described in
paragraph 7 of Appendix 1.

Force Account

1. Force Account, which are works such as construction and installation of equipment
and non-consulting services carried out by a government department of the Borrower’s
country using its own personnel and equipment,66 may be the only practical method of
procurement under specific circumstances. The use of Force Account requires that the
Borrower sets maximum aggregate amounts for the use of Force Account, to which the
Bank shall give its no objection, and applies the same rigorous quality checks and
inspection as for contracts awarded to third parties. Force Account shall be justified and
may only be used, after Bank no objection, under any of the following circumstances:
2. quantities of construction and installation works that are involved cannot be defined
in advance;
3. construction and installation works are small and scattered or in remote locations
for which qualified construction firms are unlikely to bid at reasonable prices;
4. construction and installation works are required to be carried out without disrupting
ongoing operations;
5. risks of unavoidable work interruption are better borne by the Borrower than by a
contractor;

66 A government-owned construction unit that is not managerially, legally, or financially autonomous shall be considered a Force Account unit. "Force Account’ is otherwise known as “direct labor”, “departmental forces”, or “direct work’.

1. specialized non-consulting services such as aerial surveys and mapping, as a matter
of Borrower’s law or official regulations for consideration such as national security,
can only be carried out by specialized branches of the government; or
2. urgent repairs to prevent further damages, requiring prompt attention, or works to
be carried out in conflict-affected areas where private firms may not be interested.

Procurement from United Nations Agencies

1. There may be situations in which procurement directly from agencies67 of the UN,
following their own procurement procedures may be the most appropriate method of
procurement:
2. of small quantities of off-the-shelf goods, primarily in the fields of education and
health;
3. of health-related goods for the treatment of humans and animals, including
vaccines, drugs and pharmaceuticals, preventive health and contraceptive devices,
and biomedical equipment, provided that: (i) the number of suppliers is limited; (ii)
the UN agency is uniquely or exceptionally qualified to procure such goods and
related incidental non-consulting services, if any; and (iii) the Borrower uses the
standard form of Agreement between a Borrower and a UN agency for the
procurement of supplies and provision of certain services agreed by the Bank;
4. of small value contracts (as defined in footnote 64) for works of a simple nature
when the UN agencies act as contractors, or directly hire small contractors, and
skilled or unskilled labor; or
5. in exceptional cases, such as in response to natural disasters and emergency
situations declared by the Borrower and recognized by the Bank.

Procurement Agents and Construction Managers

1. Where Borrowers lack the necessary organization, resources, and experience,
Borrowers may wish (or be required by the Bank) to employ, as their agent, a firm
specializing in handling procurement. Construction Managers may be employed in a
similar manner for a fee, e.g., to contract for miscellaneous works involving
reconstruction, repairs, rehabilitation, and new construction in emergency and post-
conflict situations, or where large numbers of small contracts are involved, or when the
capacity of the Borrower is limited. The Procurement Agent or Construction Manager
shall follow all the procurement methods provided for in the Loan Agreement and as
further elaborated in the Procurement Plan approved by the Bank on behalf of the
Borrower, including the use of Bank SBDs, review procedures, and documentation. This

67 An agency of the United Nations refers to the United Nations departments, specialized agencies and their regional offices (e.g., the
PanAmerican Health Organization - PAHO), funds and programmes.

The Borrower shall submit to the Bank for its no objection a full justification and the draft form of agreement with the UN agency.

also applies in cases where UN agencies act as Procurement Agents. The Borrower shall
include capacity-building measures in the contract, as agreed with the Bank.68

Inspection Services

1. Pre-shipment inspection and certification of imports is one of the safeguards for the
Borrower, particularly where the country has a large import program. The inspection and
certification usually covers quality, quantity, and reasonableness of price. Imports
procured through ICB procedures shall not be subject to price verification, but only
verification for quality and quantity. However, imports not procured through ICB may
additionally be subjected to price verification. Physical inspection services may also be
included. The inspection service providers are ordinarily paid for on a fee basis levied on
the value of the goods. Costs for certification of imports shall not be considered in the
evaluation of bids under ICB.

Procurement in Loans to Financial Intermediary Institutions and Entities

1. When the loan provides funds to a financial intermediary institution or entity (or its
designated agency) such as an agricultural credit institution, a development finance
company, or an infrastructure development fund, to be on-lent to beneficiaries such as
individuals, private sector enterprises, small and medium enterprises, or autonomous
commercial enterprises of the public sector for the partial financing of subprojects,
procurement of goods, works, and non-consulting services is usually undertaken by the
respective beneficiaries in accordance with well-established private sector procurement
methods or commercial practices that shall be acceptable to the Bank. However, even in
these situations, open or limited international or national competitive bidding may be the
most appropriate procurement method for the purchase of large single items or in cases
where large quantities of like goods can be grouped together for bulk purchasing.69 When
loan funds are on-lent to public sector beneficiaries or for large and complex contracts,
consideration shall be given to the use of competitive procurement methods set forth in
these Guidelines. If the funds are on-lent for Public Private Sector Partnership (PPP)
operations, paragraphs 3.14 and 3.15 below shall apply.

The Project Implementation Document (or Manual) shall describe the basic guiding
principles and acceptable procedures applicable to the loan. These principles shall, inter
alia, include mandatory provisions that beneficiaries of the loan shall not award contracts
to their parent or affiliate companies unless there is an established arms-length

68 The Consultant Guidelines shall apply for the selection of Procurement Agents and Construction Managers, as well as inspection
services providers. The cost or fee of the Procurement Agents and Construction Managers or inspection services providers (see
paragraph 3.12) is eligible for financing from the Bank loan, if so provided in the Loan Agreement and in the Procurement Plan,
and provided that the terms and conditions of selection and employment are acceptable to the Bank.

69 The Bank shall review the methods and procedures of procurement and selection of consultants of the private sector and the
commercial practices in the country of the Borrower to determine their acceptability. Private sector procedures and practices are not
subject to the same oversight as when public funds are used, and are therefore simpler with single-point decision making and
require less documentation. The Bank normally accepts only procedures that at least meet national requirements as established by
the chamber of commerce, selected and established private sector enterprises, the central bank, or import licensing and customs
authorities. There is no need to specify in the Loan Agreements or Procurement Plans thresholds by value of contracts for their use
regardless of the adopted specific procurement methods and commercial practices. Given the demand-driven nature of such

proj ects, it may not be always practical to prepare Procurement Plans as per paragraph 1.18, especially when the selection of
consultants is conducted by the beneficiaries. Simplified procurement plans, where feasible and practical, should be prepared based
on an indicative list of eligible activities to be implemented.

arrangement. The documentation shall define the main responsibilities of financial
intermediary institutions and entities (or of their designated agencies) such as: (a)
assessing the capacity of the beneficiaries to carry out procurement efficiently; (b)
approving acceptable plans for the procurement of goods, works, and non-consulting
services, and the selection of consultants as may be applicable; (c) agreeing to
supervision and oversight arrangements under each sub-loan (consistently with the
provisions under the Bank loan) for the procurement to be carried out by the beneficiaries
so as to ensure compliance with the agreed private sector methods and commercial
practices under the sub-loans; and (d) maintaining all relevant records for the Bank’s post
review and audits when requested. The financial intermediary institution or entity (or its
designated agency) should satisfy itself with the reasonableness of the price of contracts
awarded by the beneficiaries in the particular market through the hiring of an independent
entity or auditors, if necessary.

Procurement under Public Private Partnership (PPP) Arrangements

1. Where the Bank is participating in financing the cost of a project or a contract
procured under PPP arrangements such as a BOO/BOT/BOOT70, concessions or similar
type of private sector arrangement, either of the following procurement procedures shall
be used, as provided for in the Loan Agreement and further elaborated in the
Procurement Plan approved by the Bank:
2. The concessionaire or entrepreneur under a BOO/BOT/BOOT or similar type of
contract shall be selected by the Borrower under open competitive bidding
procedures determined acceptable by the Bank71, which may include several stages
in order to arrive at the optimal combination of evaluation criteria, such as the cost
and magnitude of the financing offered, the performance specifications of the
facility offered, the cost charged to the end user, other income generated for the
concessionaire or entrepreneur by the facility, and the period of the facility’s
depreciation. The said concessionaire or entrepreneur selected in this manner shall
then be free to procure the goods, works, and consulting and non-consulting
services required for the facility from eligible sources, using its own procedures. In
this case, the Project Appraisal Document (PAD) and the Loan Agreement shall
specify the types of expenditures to be incurred by the said concessionaire or
entrepreneur towards which Bank financing will apply.

Or,

1. If the said concessionaire or entrepreneur has not been selected in the manner set
forth in paragraph 3.14(a) above, the goods, works, or non-consulting services
required for the facility and to be financed by the Bank shall be procured in
accordance with ICB or LIB procedures for large value procurement as defined in
Section II and other appropriate procurement methods determined acceptable by the

70 BOO: Build, Own, Operate; BOT: Build, Operate, Transfer; BOOT: Build, Own, Operate, Transfer.

71 For projects such as toll roads, tunnels, harbors, bridges, power stations, waste disposal plants, and water distribution systems.
Open competitive bidding means: 1) international competitive bidding, or 2) national competitive bidding for contracts of an
estimated value below thresholds set by the Regional Procurement Managers. In addition, direct invitation such as LIB procedures
may be considered. All such procedures shall be subject to Bank review before acceptance.

Bank for smaller value contracts, and for consulting services in accordance with the
Consultant Guidelines.

1. Notwithstanding the provisions under paragraph 3.14(b), the Bank may accept, in
exceptional cases such as small scale expansions of existing systems operated by an
incumbent concessionaire or entrepreneur that is either a privately-owned or a
government-owned company, and when an open competitive method may not be
warranted, the use of the procurement procedures of such company provided that: (i) the
entity meets the criteria under paragraph 1.10(b) of these Guidelines; (ii) the Bank
determines to be acceptable the procurement capacity and practices and procedures that
the entity relies upon as part of its normal business operations; (iii) subject to provisions
under paragraph 1.7(a), the entity does not grant any preference or award contracts to
their parents or affiliates or controlling shareholders; and (iv) procurement procedures
ensure fair competition, economy, efficiency, quality, and transparency. The Bank shall
conduct post reviews from time to time during implementation to satisfy itself that the
procurement capacity and practices remain acceptable, and that the procurement
procedures agreed under the loan were followed.

Performance Based Procurement

1. Performance Based Procurement72, also called Output Based Procurement, refers
to competitive procurement processes (ICB, LIB, or NCB) resulting in a contractual
relationship where payments are made for measured outputs instead of the traditional way
where inputs are measured. The technical specifications define the desired result and
which outputs will be measured including how they will be measured. Those outputs aim
at satisfying a functional need in terms of quality, quantity, and reliability. Payment is
made in accordance with the quantity of outputs delivered, subject to their delivery at the
level of quality required. Reductions from payments (or retentions) may be made for
lower-quality level of outputs and, in certain cases, premiums may be paid for higher
quality level of outputs. The bidding documents do not normally prescribe the inputs, nor
a work method for the Contractor. The Contractor is free to propose the most appropriate
solution, based on mature and well-proven experience, and shall demonstrate that the
level of quality specified in the bidding documents will be achieved.
2. Performance Based Procurement (or Output Based Procurement) can involve: (a)
the provision of non-consulting services to be paid on the basis of outputs; (b) design,
supply, construction (or rehabilitation), and commissioning of a facility to be operated by
the Borrower; or (c) design, supply, construction (or rehabilitation) of a facility, and
provision of non-consulting services for its operation and maintenance for a defined
period of years after its commissioning73. For the cases where design, supply, and/or
construction are required, prequalification is normally adopted and the use of two-stage
bidding as indicated in paragraph 2.6 shall normally apply.

72 The use of Performance Based Procurement in Bank-financed projects shall be agreed by the Bank as the result of a satisfactory
technical analysis of the different options available and shall be identified in the PAD and incorporated in the Procurement Plan.

73 Examples of such type of procurement are: (i) 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.; (ii) for the case of procurement of a facility: design,
procurement, construction, and commissioning of a thermal power plant to be operated by the Borrower; (iii) 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 5 (five) years after construction.

Procurement under Loans and Payment Obligations Guaranteed by the Bank

1. If the Bank guarantees the repayment of a loan made by another lender, or
guarantees the payment of a non-loan related government payment obligation, the goods,
works, and non-consulting services financed by said loan or said payment obligation shall
be procured with due attention to economy and efficiency and in accordance with
procedures which meet the requirements of paragraph 1.5. The Bank may conduct a
review of the procurement transactions financed on this basis.

Community Participation in Procurement

1. 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 nongovernmental organizations (NGOs) in civil
works and the delivery of non-consulting services, or (b) increase the utilization of local
know-how, goods, and materials, or (c) employ labor-intensive and other appropriate
technologies, the procurement procedures, specifications, and contract packaging shall be
suitably adapted to reflect these considerations, provided that these are acceptable to the
Bank. The procedures proposed and the project activities to be carried out by community
participation shall be outlined in the Loan Agreement and further elaborated in the
Procurement Plan or the relevant Project Implementation Document (or Manual)
approved by the Bank and made publicly available by the Borrower. Given the demand-
driven nature of Community Driven Development (CDD) projects, it may not always be
practical to prepare detailed procurement plans at the time of negotiations as required
under paragraph 1.18 for the CDD component of the projects, especially when the
procurement of activities or the activities themselves are carried out directly by the
community. Simplified procurement plans may be prepared, if practical, based on an
indicative list of eligible activities to be implemented.74

Use of Country Systems

1. The Use of Country Systems (UCS) refers to the use of the procurement procedures
and methods contemplated in the public procurement system in place in the country of
the Borrower that have been determined to be consistent with these Guidelines and
acceptable to the Bank under the Bank’s Use of Country Systems Piloting Program 75.

74 CDD projects generally envisage a large number of small value contracts for goods and both non-consulting and consulting
services, and a large number of small works scattered in remote areas. Commonly used procurement procedures include Shopping,
local competitive bidding inviting prospective bidders for goods and works located in and around the local community, direct
contracting for small value goods, works, and non-consulting services, and the use of community labor and resources. The Project
Implementation Document (or Manual) as referred to in the Loan Agreement shall describe in sufficient details all procurement
arrangements, methods, and procedures including the roles, the responsibilities, and the extent of participation of the community in
general (including in certain circumstances community tender committees as may be needed), simplified steps for all applicable
methods of procurement, provisions for any technical or other assistance required by the community, payment procedures, and
procedures for maintenance of records, simplified forms of contracts to be used, roles and oversight functions of the implementing
agency, etc. The Bank’s procurement supervision arrangements, including technical and financial reviews and auditing
requirements, shall be indicated in the PAD, the Loan Agreement, the simplified Procurement Plan, and the Project Implementation
Document (or Manual). The audit scope should cover verification of both quality and quantity of goods, works, and services
procured and proper use of funds.

75 The Piloting Program is described in the Board paper dated March 3 and March 25, 2008 entitled Use of Country Systems in Bank-
Supported Operations: Proposed Piloting Program ( R2008-0036 and 0036 and 0036/1), approved by the Bank’s Board of
Executive Directors on April 24, 2008.

They may be used by Borrowers in pilot projects that have been approved by the Bank
under such Piloting Program.

**Appendix 1: Review by the Bank of Procurement Decisions
and Publication of Awards of Contracts**

Scheduling of Procurement

1. The Bank shall review76  Procurement Plans and their updates that are prepared by

the Borrowers in accordance with provisions under paragraph 1.18. They shall be

consistent with the Project Implementation Plan, the Loan Agreement, and these

Guidelines.

Prior Review

1. With respect to all contracts77 which are subject to the Bank’s prior review:
2. In cases where prequalification is used, the Borrower shall, before prequalification
submissions are invited, furnish the Bank with the draft documents to be used,
including the text of the invitation to prequalify, the prequalification questionnaire,
and the evaluation methodology, together with a description of the advertising
procedures to be followed, and shall introduce such modifications in said procedure
and documents as the Bank shall reasonably request. The report evaluating the
applications received by the Borrower, the list of proposed prequalified bidders,
together with a statement of their qualifications and of the reasons for the exclusion
of any applicant for prequalification, shall be furnished by the Borrower to the Bank
for its comments before the applicants are notified of the Borrower’s decision, and
the Borrower shall make such additions to, deletions from, or modifications in the
said list as the Bank shall reasonably request.
3. Before bids are invited, the Borrower shall furnish to the Bank for its comments,
draft bidding documents, including the invitation to bid, instructions to bidders,
including the basis of bid evaluation and contract award, and the conditions of
contract and specifications for the civil works, supply of goods, or installation of
equipment, etc., as the case may be, together with a description of the advertising
procedures to be followed for the bidding (if prequalification has not been used),
and shall make such modifications in the said documents as the Bank shall
reasonably request. Any further modification shall require the Bank’s no objection
before it is issued to the prospective bidders.
4. After bids have been received and evaluated, the Borrower shall, before a final
decision on the award is made, furnish to the Bank, in sufficient time for its review,
a detailed report (prepared, if the Bank shall so request, by experts acceptable to the
Bank), on the evaluation and comparison of the bids received (for each stage in case
of two-stage bidding and framework agreements) together with the

76 Paragraphs 11 to 15 of Appendix III set forth the actions taken by the Bank in response to communications from bidders, including
bidder complaints, and bidder requests for debriefing.

77 Prior review thresholds are expressed in monetary terms, determined on the basis of assessed risks, and stated in the Procurement
Plan for all procurement methods applicable to the Loan. They shall represent the total value of the contract, including all taxes and
duties if payable under the contract. For contracts procured on the basis of direct contracting under paragraph 3.7, the Borrower
shall furnish to the Bank for its no objection prior to contract execution, a copy of the specifications and the draft contract. The
contract shall be executed only after the Bank has given its no objection, and the provisions in paragraph 2(h) of this Appendix
shall apply with respect to the executed contract.

recommendations for award and such other information as the Bank shall
reasonably request. The Bank shall, if it determines that the intended award would
be inconsistent with the Loan Agreement and/or the Procurement Plan, promptly
inform the Borrower and state the reasons for such determination. Otherwise, the
Bank shall provide its no objection to the recommendation for the award of
contract. The Borrower shall award the contract only after receiving the no
objection from the Bank.

1. If the Borrower requires an extension of bid validity to complete the process of
evaluation, obtain necessary internal clearances and Bank no objection, and to make
the award, it shall seek the Bank’s prior no objection for the first request for
extension, if it is longer than 4 (four) weeks, and for all subsequent requests for
extension, irrespective of the period.
2. If after publication of the award the Borrower receives protests or complaints from
bidders, a copy of the complaint, the Borrower’s comments on each issue raised in
the complaint, and a copy of the Borrower’s response shall be sent to the Bank for
its review and comments.
3. If as result of analysis of a protest the Borrower changes its contract award
recommendation, the reasons for such decision and a revised evaluation report shall
be submitted to the Bank for no objection. The Borrower shall provide a
republication of the contract award in the format of paragraph 7 of Appendix 1 of
these Guidelines.
4. The terms and conditions of a contract shall not, without the Bank’s prior no
objection, materially differ from those on which bids were asked or prequalification
of contractors, if any, was invited.
5. One conformed copy of the contract, and of the advance payment security and the
performance security if they were requested, shall be furnished to the Bank
promptly after its signing and prior to the submission to the Bank of the first
application for withdrawal of funds from the Loan Account in respect of such
contract. When payments for the contract are to be made out of a Special Account
(SA), copies of the contract, and the advance payment security and the performance
security if they were requested, shall be furnished to the Bank prior to the making
of the first payment out of the SA in respect of such contract.
6. All evaluation reports shall be accompanied by a summary of the procurement on a
form provided by the Bank. The description and amount of the contract, together
with the name and address of the successful bidder, shall be subject to public
disclosure by the Bank in accordance with paragraph 2(h) above upon receipt of the
signed copy of the contract from the Borrower.
7. The Borrower shall retain all documentation with respect to each contract during
project implementation until two years after the closing date of the Loan
Agreement. This documentation would include, but not be limited to: (i) the signed
original of each contract and all subsequent amendments or addenda; (ii) original
bids, all documents and correspondence related to the procurement and
implementation of the contract, including those in support of the evaluation of bids,

and the recommendation for award made to the Bank; and (iii) the payment invoices
or certificates, as well as the certificates for the inspection, delivery, completion,
and acceptance of goods, works, and non-consulting services. For contracts
awarded on the basis of direct contracting, the documentation shall include the
justification for using the method, the technical and financial capacity of the firm,
and the signed original of the contract. The Borrower shall furnish such
documentation to the Bank upon request for examination by the Bank or by its
consultants/auditors.

1. The Bank may declare misprocurement for any of the reasons provided in
paragraph 1.14 of the Guidelines, including if it determines that the goods, works,
or non-consulting services were not procured in accordance with the agreed
procedures and methods reflected in the Loan Agreement and further detailed in the
Procurement Plan to which the Bank gave its no objection, or that the contract itself
is not consistent with such procedures. The Bank shall promptly inform the
Borrower of the reasons for such determination.
2. Modifications of the signed contract. In the case of contracts subject to prior
review, before agreeing to (a) a material extension of the stipulated time for performance
of a contract; or (b) any substantial modification of the scope of services or other
significant changes to the terms and conditions of the contract; or (c) any variation order
or amendment (except in cases of extreme urgency) which, singly or combined with all
variation orders or amendments previously issued, increase the original contract amount
by more than 15% (fifteen percent); or (d) the proposed termination of the contract, the
Borrower shall seek the Bank’s no objection. If the Bank determines that the proposal
would be inconsistent with the provisions of the Loan Agreement and/or Procurement
Plan, it shall promptly inform the Borrower and state the reasons for its determination. A
copy of all amendments to the contract shall be furnished to the Bank for its record.
3. Translations. If a contract awarded under ICB procedures is subject to prior review
and is written in the National Language, the Borrower has the responsibility to furnish
to the Bank an accurate translation of the bid evaluation report and the initialed draft
contract in the internationally used language specified in the bidding documents (English,
French, or Spanish). An accurate translation shall also be furnished to the Bank for any
subsequent modifications of such contracts.

Post Review

1. Procurement Post Reviews (PPRs) are normally carried out by the Bank. The
Borrower shall retain all documentation with respect to each contract not governed by
paragraph 2 of this Appendix during project implementation and up to two years after the
closing date of the Loan Agreement. This documentation would include, but not be
limited to, the signed original of the contract and all subsequent amendments or addenda,
the bids, the bid evaluation report and the recommendation for award, the payment
invoices or certificates, as well as the certificates for inspection, delivery, completion and
acceptance of goods, works, and non-consulting services, for examination by the Bank or
2. Refer to paragraph 2.15.

by its consultants/auditors. The Borrower shall also furnish such documentation to the
Bank upon request. The Bank may declare misprocurement for any of the reasons
provided in paragraph 1.14 of the Guidelines, including if it determines that the goods,
works, or non-consulting services were not procured in accordance with the agreed
procedures and methods reflected in the Loan Agreement and further detailed in the
Procurement Plan to which the Bank gave its no objection, or that the contract itself is not
consistent with such procedures and methods. The Bank shall promptly inform the
Borrower of the reasons for such determination. The Bank may also, depending on risks
and the scope of the project (e.g., involving many small value and simple contracts),
agree with the Borrower that they appoint independent entities to carry out PPRs, in
accordance with terms, conditions, and reporting procedures acceptable to the Bank. In
such cases, the Bank will review the reports submitted by the Borrower, and retains its
right to directly conduct post reviews during project implementation as may be needed.

Change from Post Review to Prior Review

1. A contract whose cost estimate was below the Bank’s prior review threshold
indicated in the Procurement Plan shall fall under prior review if the price of the lowest
evaluated bidder exceeds such threshold. All related procurement documentation already
processed, including the evaluation report and recommendation for award, shall be
submitted to the Bank for its prior review and no objection before the award of contract.
When, to the contrary, the price of the selected bidder falls below the prior review
threshold, the prior review process shall continue. Under certain circumstances, the Bank
may require the Borrower to follow a prior review process for a contract below the
Bank’s prior review threshold in the case of a complaint it has determined to be of a
serious nature. Also, when the procurement method requires change due to higher or
lower cost estimates than previously assessed, for example from NCB to ICB or
inversely, the Procurement Plan shall be modified by the Borrower and submitted to the
Bank for review and no objection.

Publication of the Award of Contract

1. The Borrower shall publish information on UNDB online for all contracts under
ICB and LIB, contracts with concessionaires under PPP arrangements and sub-projects
under Loans to Financial Intermediary Institutions and Entities, and all direct contracts,
except as hereunder, and in the National press79 for all contracts under NCB, including
those awarded under Framework Agreements and under Force Account, and small value
direct contracts (see footnote 64). Such publication shall be within two weeks of
receiving the Bank’s no objection to the award recommendation for contracts subject to
the Bank’s prior review, and within two weeks of the Borrower’s award decision for
contracts subject to the Bank’s post review. Publications shall include the bid, lot
numbers, and the following information, as relevant and applicable for each method: (a)
the name of each bidder that submitted a bid; (b) bid prices as read out at bid opening; (c)
evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were
either rejected as nonresponsive or not meeting qualification criteria, or not evaluated,

79 In a national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used
website or electronic portal with free national and international access, in the National Language as defined under paragraph 2.15.

with the reasons thereof; and (e) the name of the winning bidder, the final total contract
price, as well as the duration and summary scope of the contract. The Bank will arrange
the publication of the awards of contract under prior review on its external website upon
receipt from the Borrower of a conformed copy of the signed contract and the
performance security if applicable in accordance with paragraph 2(h) above.

Due Diligence concerning the Bank’s Sanctions Policies and Procedures

1. When conducting the evaluation of bids, the Borrower shall check the eligibility of
bidders from the lists of firms and individuals debarred and suspended, pursuant to
paragraph 1.16(d) of these Guidelines and/or paragraph 1.23(d) of the Consultants
Guidelines, by the Bank that are posted on the Bank’s external website. The Borrower
shall apply additional due diligence by closely supervising and monitoring any on-going
contract (whether under prior or post review) executed by a firm or individual which has
been sanctioned by the Bank after such contract was signed. The Borrower shall neither
sign any new contracts nor sign an amendment, including any extension of time for
completion or a change or variation order, to an on-going contract with a suspended or
debarred firm or individual after the effective date of the suspension or debarment
without the Bank’s prior review and no objection. The Bank will only finance additional
expenditures if they were incurred before the completion date of the original contract or
the completion date as revised (i) for prior review contracts, in an amendment to which
the Bank has given its no objection, and (ii) for post review contracts, in an amendment
signed before the effective date of suspension or debarment. The Bank will not finance
any new contract, or any amendment or addendum introducing a material modification to
any existing contract that was signed with a suspended or debarred firm or individual on
or after the effective date of suspension or debarment.

APPENDIX 2: DOMESTIC PREFERENCES

Preference for Domestically Manufactured Goods

1. The Borrower may, with the agreement of the Bank, grant a margin of preference in
the evaluation of bids under ICB procedures to bids offering certain goods manufactured
in the country of the Borrower, when compared to bids offering such goods manufactured
elsewhere. In such cases, bidding documents shall clearly indicate any preference to be
granted to domestically manufactured goods and the information required to establish the
eligibility of a bid for such preference. The nationality of the manufacturer or Supplier is
not a condition for such eligibility. The methods and stages set forth hereunder shall be
followed in the evaluation and comparison of bids.
2. For comparison, responsive bids shall be classified in one of the following three
groups:
3. Group A: bids exclusively offering goods manufactured in the country of the
Borrower if the bidder establishes to the satisfaction of the Borrower and the Bank
that (i) labor, raw material, and components from within the country of the
Borrower will account for 30% (thirty percent) or more of the EXW price of the
product offered, and (ii) the production facility in which those goods will be
manufactured or assembled has been engaged in manufacturing/assembling such
goods at least since the time of bid submission.
4. Group B: all other bids offering goods manufactured in the country of the
Borrower.
5. Group C: bids offering goods manufactured abroad that have been already imported
or that will be directly imported.
6. The price quoted for goods in bids of Groups A and B shall include all duties and
taxes paid or payable on the basic materials or components purchased in the domestic
market or imported, but shall exclude the sales and similar taxes on the finished product.
The price quoted for goods in bids of Group C shall be on CIP (place of destination),
which is exclusive of customs duties and other import taxes already paid or to be paid.
7. In the first step, all evaluated bids in each group shall be compared to determine the
lowest bid in each group. Such lowest evaluated bids shall be compared with each other
and if, as a result of this comparison, a bid from Group A or Group B is the lowest, it
shall be selected for the award.
8. If as a result of the comparison under paragraph 4 above, the lowest evaluated bid is
a bid from Group C, all bids from Group C shall be further compared with the lowest
evaluated bid from Group A after adding to the evaluated price of goods offered in each
bid from Group C, for the purpose of this further comparison only, an amount equal to
15% (fifteen percent) of the respective CIP bid price for goods to be imported and
already imported goods. Both prices shall include unconditional discounts and be
corrected for arithmetical errors. If the bid from Group A is the lowest, it shall be selected
for award. If not, the lowest evaluated bid from Group C shall be selected as per
paragraph 4 above.
9. No margin of preference shall apply to turnkey contracts for the supply of a
number of discrete items of equipment as well as assembly, installation, and/or

construction as defined in paragraph 2.4 of Section II80. However, with the Bank’s no

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objection, bids for turnkey contracts may be invited and evaluated on the basis of DDP
(named place of destination) prices for goods manufactured abroad.

1. In the case of single responsibility (other than turnkey) contracts for large industrial
plants and facilities as defined in paragraph 2.4 of Section II, the margin of preference
shall not be applied to the whole package but only to the locally manufactured
equipment. Equipment offered from abroad shall be quoted CIP and equipment offered
locally shall be quoted EXW. All other components, such as design, construction, local
transportation, and insurance to the place of destination, assembly, installation, and
supervision, as applicable, shall be quoted separately. Bids will not be classified into
Groups A, B, or C. In the comparison of bids, only the CIP price of each bid of the
equipment offered from outside the Borrower’s country shall be increased by 15%
(fifteen percent). No preference shall be applied for any associated or non-consulting
services or works included in the package. The bid determined to be the lowest evaluated
in accordance with the bid evaluation criteria including domestic preference, if
applicable, and applied as above, shall be selected for award.

Preference for Domestic Contractors

1. For contracts for works to be awarded on the basis of ICB, eligible Borrowers may,
with the agreement of the Bank, grant a margin of preference of 7.5% (seven and one-
half percent) to domestic contractors82, 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 qualification83, such information, including details of ownership, as shall be
required to determine whether, according to the classification established by the
Borrower and accepted by the Bank, a particular contractor or group of contractors
qualifies for a domestic preference. The bidding documents shall clearly indicate
the preference and the method that will be followed in the evaluation and
comparison of bids to give effect to such preference.

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 domestic preference to the goods component.
2. DDP in Incoterms 2010 stands for "Delivered Duty Paid" where the seller delivers the goods to the buyer, cleared for import, and
not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks
involved in bringing the goods thereto including, where applicable, any duty for import in the country of destination, and unloading
at final destination as part of the turnkey contract. In countries that exempt bidders on imports under contracts financed by the
Bank, comparison for bid evaluation purposes shall be made on the basis of non-exemption of duties and taxes on importation of
goods manufactured abroad and the bidding documents may indicate that, before contract signature, the purchaser and the winning
bidder will identify the amount of taxes payable for importation of the goods offered resulting from that exemption. However, the
contract amount to be signed will not include the identified total amount of exempted duties and taxes.
3. Preference for domestic contractors is applicable only in countries which qualify.
4. At the prequalification and/or at the bidding stage.

(b) After bids have been received and reviewed by the Borrower, responsive bids shall
be classified into the following groups:

1. Group A: bids offered by domestic contractors eligible for the preference.
2. Group B: bids offered by other contractors.
3. All evaluated bids in each group shall, as a first evaluation step, be compared to
determine the lowest bid, and the lowest evaluated bids in each group shall be further
compared with each other. If, as a result of this comparison, a bid from Group A is the
lowest, it shall be selected for the award. If a bid from Group B is the lowest, as a second
evaluation step, all bids from Group B shall then be further compared with the lowest
evaluated bid from Group A. For the purpose of this further comparison only, an amount
equal to 7.5% (seven and one-half percent) of the respective bid price corrected for
arithmetical errors, including unconditional discounts but excluding provisional sums and
the cost of day works, if any, shall be added to the evaluated price offered in each bid
from Group B. If the bid from Group A is the lowest, it shall be selected for award. If not,
the lowest evaluated bid from Group B based on the first evaluation step shall be
selected.

APPENDIX 3: GUIDANCE TO BIDDERS

Purpose

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

Responsibility for Procurement

1. The responsibility for the implementation of the project, and therefore for the
payment of goods, works, and non-consulting services under the project, rests solely with
the Borrower. The Bank, for its part, is required by its Articles of Agreement to ensure
that funds are paid from a Bank loan only as expenditures are incurred. Disbursements of
the proceeds of a loan are made only at the Borrower's request. The Borrower submits
withdrawal application to the Bank together with required supporting documentation to
demonstrate that the funds have been or are being used in accordance with the Loan
Agreement and the Procurement Plan84. As emphasized in paragraph 1.2 of these
Guidelines, the Borrower is legally responsible for the procurement. It invites, receives,
and evaluates bids, and awards the contract. The contract is between the Borrower and
the Supplier or Contractor. The Bank is not a party to the contract.

Bank’s Role

1. As stated in paragraph 1.13 of these Guidelines, the Bank reviews the procurement
procedures, documents, bid evaluations, award recommendations, and the contract to
ensure that the process is carried out in accordance with agreed procedures, as required in
the Loan Agreement. In the case of major contracts, the documents are reviewed by the
Bank prior to their issue, as described in Appendix 185. Also, if, at any time in the
procurement process (even after the award of contract), the Bank concludes that the
agreed procedures were not followed in any material respect, the Bank may declare
misprocurement, as described in paragraph 1.14. However, if a Borrower has awarded a
contract after obtaining the Bank’s no objection, the Bank will declare misprocurement
only if the no objection was issued on the basis of incomplete, inaccurate, or misleading
information furnished by the Borrower. Furthermore, if the Bank determines that corrupt
or fraudulent practices were engaged in by representatives of the Borrower or of the
bidder, the Bank may impose the applicable sanctions set forth in paragraph 1.16 of these
Guidelines.
2. The Bank has published SBDs for various types of procurement. As stated in
paragraphs 2.10 and 2.12 of the Guidelines, it is mandatory for the Borrower to use these
documents, with minimum changes to address country- and project-specific issues. The
prequalification and bidding documents are finalized and issued by the Borrower.
3. For additional information about the Bank’s disbursement policies and procedures see The World Bank Disbursement Guidelines
for Projects and Disbursement Handbook for World Bank Clients (available on the Bank’s website at
[www.worldbank.org/projects)](file://LDrive50B/HQ-Private1/WB368631/Home/GLs/www.worldbank.org/projects).
4. Except in the context of procurement conducted under the UCS Piloting Program described in paragraph 3.20, where all contracts
will be subject to the Bank’s post review.

Information on Bidding

1. Information on bidding opportunities under ICB may be obtained from the General
Procurement Notice and the Specific Procurement Notices as described in paragraphs 2.7
and 2.8 of these Guidelines. General guidance on participation, as well as advance
information on business opportunities in upcoming projects, may be obtained from the
World Bank website86 as well as from the InfoShop87. PADs are also available from the
InfoShop and on the Bank’s website upon approval of the loan.

Bidder’s Role

1. Once a bidder receives the prequalification or bidding document, the bidder should
study the documents carefully to decide if it can meet the technical, commercial, and
contractual conditions, and if so, proceed to prepare its bid. The bidder should then
critically review the documents to see if there is any ambiguity, omission, or internal
contradiction, or any feature of specifications or other conditions which are unclear or
appear discriminatory or restrictive; if so, it should seek clarification from the Borrower,
in writing, within the time period specified in the bidding documents for seeking
clarifications.
2. The criteria and methodology for selection of the successful bidder are outlined in
the bidding documents, generally under Instructions to Bidders and Specifications. If
these are not clear, clarification should be similarly sought from the Borrower.
3. In this connection, it should be emphasized that the specific bidding documents
issued by the Borrower govern each procurement process, as stated in paragraph 1.1 of
these Guidelines. If a bidder feels that any of the provisions in the documents are
inconsistent with the Guidelines, it should also raise this with the Borrower.
4. It is the responsibility of the bidder to raise any issue of ambiguity, contradiction,
omission, etc., prior to the submission of its bid, to ensure submission of a fully
responsive and compliant bid, including all the supporting documents requested in the
bidding documents. Noncompliance with critical (technical and commercial)
requirements will result in rejection of the bid. If a bidder wishes to propose deviations to
a non-critical requirement or propose an alternative solution, it should strictly follow
instructions on these aspects given in the Borrower’s bidding documents in particular
provisions dealing with deviations. Alternative solutions should be offered only when
authorized in the bidding documents. Unless the bidding document clearly identified
mandatory and non-mandatory technical and commercial requirements, the bidder
assumes full responsibility that any deviations or conditions in its bid may be deemed
material and result in the rejection of its bid. Once bids are received and publicly opened,
bidders will not be required or permitted to change the price or substance of a bid.
5. [www.worldbank.org.](http://www.worldbank.org/)
6. The InfoShop address is the World Bank address at 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. The Project Database is
available a[t www.worldbank.org/proiects.](file://LDrive50B/HQ-Private1/WB368631/Home/GLs/www.worldbank.org/projects)

Confidentiality

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

Action by the Bank

1. Bidders are free to send copies of their communications on issues and questions
with the Borrower to the Bank or to write to the Bank directly, when Borrowers do not
respond promptly, or the communication is a complaint against the Borrower. All such
communications should be addressed to the Task Team Leader for the project, with a
copy to the Country Director for the borrowing country and to the Regional Procurement
Manager. Names of Task Team Leaders are available in the PAD.
2. Communications received by the Bank from potential bidders, prior to the closing
date for submission of the bids, will, if appropriate, be referred to the Borrower with the
Bank’s comments and advice for action or response.
3. Communication, including complaints, received from bidders after the opening of
the bids, will be handled as follows. In the case of contracts not subject to prior review by
the Bank, the communication or its relevant extracts, as deemed appropriate, will be sent
to the Borrower for due consideration and appropriate action. The Borrower shall provide
to the Bank all relevant documentation for the Bank’s review and comments. In the cases
of contracts subject to the prior review process, the communication will be examined by
the Bank, in consultation with the Borrower. If additional data is required to complete
this process, these will be obtained from the Borrower. If additional information or
clarification is required from the bidder, the Bank will ask the Borrower to obtain it and
comment or incorporate it, as appropriate, in the evaluation report. The Bank’s review

will not be completed until the communication is fully examined and considered.

Communications received from bidders involving allegations of fraud and corruption88 may warrant a different treatment due to reasons of confidentiality. In such cases, the Bank shall apply due care and discretion in sharing with the Borrower information deemed appropriate.

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

Debriefing by the Bank

1. As stated in paragraph 2.65, if, after notification of award, a bidder wishes to
ascertain the grounds on which its bid was not selected, it should address its request to
the Borrower. If the bidder is not satisfied with the written explanation given and wishes

88 Reporting on suspected fraud and corruption can be done directly to the Bank Integrity Vice Presidency (INT) by email:

investigations hotline@worldbank.org: through the World Bank website; through the 24-hour hotline operated by a third party: toll
free +1-800-831-0463, collect calls +1-704-556-7046 (interpreters are available, anonymous calls accepted); or by contacting INT
at the Bank's Headquarter office in Washington D.C.: +1-202-458-7677.

to seek a meeting with the Bank, it may do so by addressing the Regional Procurement
Manager for the Borrowing country, who will arrange a meeting at the appropriate level
and with the relevant staff. The purpose of such meeting is only to discuss the bidder’s
bid, and neither to reverse the Bank’s position that has been conveyed to the Borrower
nor to discuss the bids of competitors.