**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)](mailto: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:](mailto: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.