INTRODUCTION & BASIC PRINCIPLES

1. RESPONSIBILITIES

BORROWER/RECIPIENT: IMPLEMENTATION OF THE PROJECT/PROGRAMME INCLUDING THE AWARD AND ADMINISTRATION OF CONTRACTS

IFAD: TO ENSURE THAT THE FUNDS ARE USED FOR THE PURPOSE OF THE FINANCING AGREEMENT WITH DUE ATTENTION TO CONSIDERATIONS OF ECONOMY, EFFICIENCY AND SOCIAL EQUITY

2. PROJECT SPECIFIC PRINCIPLES

A. Procurement is carried out in accordance with the Financing Agreement and/or the Letter to the Borrower
B. Procurement must be limited to suppliers/manufacturers from IFAD Member States (see list in Annex 1 of the Letter to the Borrower Annexes)
C. Procurement is to be conducted within the project implementation period
D. Procurement must not exceed the availability of funds duly allocated by Financing Agreement
E. Procurement must be consistent with the approved Annual Work Plan and Budget
F. Procurement should provide the best value for money

3. COMPATIBILITY WITH NATIONAL RULES AND IFAD’S GUIDELINES

THE NATIONAL RULES AND REGULATIONS MAY BE ADOPTED IF THEY ARE COMPATIBLE WITH IFAD’S GUIDELINES

Compatible means that they respect the main basic principles of IFAD’s guidelines.

N.B. if some provisions in schedule 4 of the financing agreement are contradictory to IFAD’s guidelines, the provisions in schedule 4 prevail.

4. IFAD PRIOR REVIEW

Schedule 4 of the financing agreement determines the category of contracts, including their thresholds, to be submitted for prior review.

THE THRESHOLDS MAY ALWAYS BE MODIFIED FROM TIME TO TIME AS NOTIFIED BY THE FUND TO THE BORROWER/RECIPIENT

5. MISPROCUREMENT

A. When procurement has not been conducted in accordance with the procedures adopted (national and/or IFAD)
B. When a contract has been awarded based on incomplete, inaccurate or misleading information furnished by the borrower, even in the case of a NO OBJECTION
C. When a contract has been modified without IFAD’s approval, even in the case of a NO OBJECTION
THE PROCUREMENT PROCESS FOR THE ACQUISITION OF GOODS, SERVICES AND WORKS

Step 1
- Procurement List
- Databases

Step 2
- Choice of Method of Procurement
  - International Competitive Bidding (ICB)
  - Limited International Bidding (LIB)
  - National Competitive Bidding (NCB)
  - International Shopping (IS) / Local Shopping (LS)
  - Direct Contracting (DC)

Step 3
- Preparation of Bidding Documents
- Simple Request

Step 4
- Prior Review and Approval

Step 5
- Open Tender Publication
- Limited Tender Invitation to Bid

Step 6
- Bids Opening Session

Step 7
- Evaluation of Bids
- Evaluation of Quotes

Step 8
- Evaluation Review and Approval

Step 9
- Notification of Award of Contract
- Purchase Order

Step 10
- Contract Management & Execution
BRIEF PROCUREMENT WORKSHOP

STEP 1: PROCUREMENT LIST AND BULK PURCHASE
BEST USE OF COMPETITIVE BIDDING

STEP 2: PROCUREMENT PLAN
Model of Procurement plan: dynamic and not static. Annex 1

METHODS OF PROCUREMENT

Special remarks:
- International Competitive Bidding (ICB): inadequate publication and distribution (embassies, websites...)
- No more thresholds in the LA except for prior review
- Number of bids received and acceptability for evaluation

STEP 3: PREPARATION OF BIDDING DOCUMENTS

<table>
<thead>
<tr>
<th>GOODS</th>
<th>SERVICES</th>
<th>WORKS</th>
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<tbody>
<tr>
<td>Bidding documents or Request for quotations</td>
<td>Request for Proposals</td>
<td>Bidding documents or Request for quotations</td>
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<tr>
<td>Invitation to bid</td>
<td>Letter of invitation &amp; general and specific conditions</td>
<td>Invitation to bid</td>
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<tr>
<td>Instructions to bidders with: * Bid security (Lumpsum) * Bid evaluation method and process etc</td>
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<tr>
<td>Conditions of contract (general and special)</td>
<td>NA</td>
<td>Conditions of contract (general and special) international Federation of Consulting Engineers (FIDIC)</td>
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<tr>
<td>Schedule of requirements and technical specifications</td>
<td>Terms of Reference (TORs)</td>
<td>Scope of works, Bill of quantities and drawings</td>
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<td>Prices schedules</td>
<td>Breakdown of costs</td>
<td>Prices schedules</td>
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<td>Contract form</td>
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<td>Annexes for bid bonds and security, tax clearance, etc..;</td>
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CRUCIAL STEPS

TECHNICAL SPECIFICATIONS (TS) FOR GOODS: Inappropriate, irrelevant, too many details lead to a restriction of competition: reference to an exclusive mark and model (IT equipment), too many technical details (computers and laptops), specifics provided by the project or the country (give explanations), limit to essential criteria (adherence to the TS evaluation), warranty and upgraded equipment, check specialists, visit potential suppliers

70 - 80% OF THE PROBLEMS OF A BID EVALUATION COME FROM A BAD DEFINITION OF THE TECHNICAL SPECIFICATIONS

Good and bad TS: Annex 2 and model of schedule of requirements in Annex 3

TERMS OF REFERENCE (TORs) FOR CONSULTANCY SERVICES
To be done by the final user of the services and not by the procurement officer or the financial controller.
SCOPE OF WORKS, Bill of Quantities (BoQ), DRAWINGS: use the services of an engineering expert or office.

CONTRACT FORMS:

➢ FOR GOODS: Standard forms OK but attention should be given to the conditions of payment (avoid Letter of Credit and special commitment, direct payment if possible, advance payment against bank or insurance guarantee \(^1\))

➢ FOR SERVICES: depends on the scope of services and the duration of these services; see notes in annex 4 (models of contract can be provided)

➢ FOR WORKS: Standard form but specific model for community intervention.

STEP 4: PRIOR REVIEW AND APPROVAL

Each request of No Objection (NO) should be numbered in a continuous manner with the name of project, country code and date, for example: NO 08/RWA/PAPSTA/28022009 = 8\(^{th}\) request of NO from PAPSTA project from Rwanda dated 28\(^{th}\) February 2009

- Procurement process approved in AWPB and in line with procurement plan
- Open or limited tender or prequalification documentation
- Advert of publication and list of newspaper, magazines, etc.
- Letter of invitation
- List of pre selected bidders with justifications
- Instructions to bidders and rules of evaluation and conditions of payment
- TS or TORs or BoQ adequacy
- Contract form
- General and special conditions of contract
- Bid security and other bonds

STEP 5: OPEN TENDER PUBLICATION

STEP 6: OPENING SESSION OF BIDS
Recommended: a box for the deposit of bids

STEP 7: EVALUATION OF BIDS/REQUEST FOR PROPOSAL

CRUCIAL STEPS

- Composition of the evaluation committee (procurement, financial, technical)
- The report should be structured as follows: Background, reference to NO, publication, list of bidding documents purchased or sent, bids or proposals received, minutes of opening session, technical and evaluation steps with recommendation
- The evaluation process for goods should be conducted as follows:

(1) First step:
Before proceeding to the detailed evaluation, the evaluators appointed by the project have to declare the bids received as acceptable and responsive.

\(^1\) Specific criteria are being developed for the use of insurance guarantees, which are acceptable only in specific circumstances including wording, whether World Bank permits, regulatory framework, and depend on country context.
(a) **Acceptability:** The bids are acceptable if: (i) submitted before the deadline; (ii) from a duly solicited supplier (in case of Selective bidding); (iii) written in English (or in the requested language); (iv) sealed in an envelope in conformity with the Instructions to Bidders.

(b) **Responsiveness:** The bids are responsive if: (i) they include a bid security (if requested); (ii) the goods/services proposed have their origin in an IFAD eligible country; (iii) the bidder is from an IFAD eligible country; (iv) the quoted prices are fixed not subject to variation; (v) the quoted prices are valid for the period requested; (vi) they are duly signed and initialled; and (vii) the prices quoted are for one or several complete lot(s).

(2) **Second Step: Preliminary operations:**
The Evaluators will proceed to the:
- conversion to a single currency of all bids quoted in foreign currency by using the official selling rate of exchange of the recipient country on the closing date of the bids
- multiplication of unit price by the quantity to verify the total price quoted by item and grand total for all items. In case of discrepancy between unit price and total, the unit price shall prevail
- verification of the actual quantities of goods proposed and possible modification as above in case of obvious arithmetical errors

(3) **Third Step: Specific and detailed technical and financial evaluation:**
The Annex attached to the tendering and contracting procedures should include some specific and detailed evaluation (technical and financial) of goods.

The above general method may be adapted for the criteria used to assess the acceptability and the responsiveness of the bids in conformity with the instructions contained in the bidding documents. For example, in the case of procurement of vehicles exclusively with 4 x 4 traction power, any bid offering vehicles NOT 4 x 4 will be non-responsive.

**EVALUATION OF RFP FOR SERVICES**

A two-stage procedure shall be adopted in evaluating the proposals. The technical evaluation shall be carried out first, followed by the financial evaluation.

**Technical Proposal**
The evaluation committee appointed by the project/borrower/recipient shall carry out its evaluation, applying the evaluation criteria and point system specified in the Data Sheet. Each responsive proposal shall be attributed a technical score. Firms whose respective scores are not more than 10% below the highest technical score, and whose scores are above the minimum score indicated in the Data Sheet, shall be considered further. Proposals by other firms shall be rejected and their financial proposals returned unopened.

**Financial Proposal**
The evaluation committee, after determining whether the financial proposals are complete and without arithmetic errors, shall convert the prices in various currencies to the common currency specified in the Data Sheet. The official selling rates used shall be provided by the source indicated in the Data Sheet and in effect on the closing date for the proposals. The financial proposals shall be ranked in order with the lowest proposal ranked first.

The maximum of points (25 points) is allocated to the **lowest price proposal.** All other financial proposals will receive points in reverse order to the lowest price: e.g. \[\text{[total financial component points]} \times \frac{\text{US$ lowest}}{\text{US$ other}}\] = points for other financial proposal.
For example, suppose the bidders make the following offers:
A: USD 2,800,000
B: USD 3,100,000
C: USD 2,500,000
D: USD 3,600,000
E: USD 3,900,000

Bidder C, the lowest quoted, receives 25 points.

Other Bidders:
A: 25 points x $2,500,000
    2,800,000
    = 25 x 0.89
    = 22.3 points.

B: 25 points x $2,500,000
    3,100,000
    = 25 x 0.81
    = 20.2 points.

D: 25 points x $2,500,000
    3,600,000
    = 25 x 0.69
    = 17.4 points.

E: 25 points x $2,500,000
    3,900,000
    = 25 x 0.64
    = 16.0 points.

The financial ranking in this case will be:
1. Bid C with 25 points
2. Bid A with 22.3 points
3. Bid B with 20.2 points
4. Bid D with 17.4 points
5. Bid E with 16.0 points.

It is recommended to use 2 decimals for the calculation of the comparison of bid prices and for the points to be awarded.

Prior to the expiration of the validity of the proposal, the Client shall notify the successful Consultant who submitted the No. 1 ranking proposal in writing, either by registered letter, cable, telex or facsimile and invite them to negotiate the Contract (scope of services, duration, reimbursable costs but never the fees and other indirect social charges).

STEP 8: EVALUATION REVIEW AND CONTRACT APPROVAL

STEP 9: CONTRACT NOTIFICATION

STEP 10: CONTRACT EXECUTION AND MANAGEMENT
Procurement Plan to be updated (actual vs plan)
Register of contract and contract monitoring form (Annex 5 and 6)