f. All requests for cancellation of a procurement process and/or rebidding/re-invitation of Proposals;

g. The Borrower shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint. If, after the Bank's prior review and no-objection, analysis of a complaint leads the Borrower to change its contract award recommendation, it submits for the Bank's no-objection the reasons for that decision and a revised evaluation report;

h. If the procurement process involves negotiations between the Borrower and Bidder/Proposer/Consultant, the minutes of negotiations and the draft contract initialed by both parties. If probity audit was required, the minutes of negotiations should be submitted with the probity audit report;

i. If BAFO is used the evaluation report prior to requesting BAFO and the final evaluation report prior to award of contract; and

j. If requested by the Bank, the Contract Management Plan, including the Key Performance Indicators (KPIs); also, if requested by the Bank, ongoing reports of progress based on the agreed KPIs for Bank's review and comments.

7.2 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 making of the first payment.

7.3 The terms and conditions of a contract shall not, without the Bank's prior review and no objection, materially differ from those on which Bids/ Proposals were requested or Prequalification/Initial Selection, if any, was invited.

8. Retaining Documents for Contracts subject to Prior Review

8.1 The Borrower shall retain all documentation with respect to each procurement according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:

a. original Bids/Proposals; all documents and correspondence related to the procurement and execution of the contract, including those in support of the evaluation of Bids/Proposals; and the recommendation for award made to the Bank;

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

c. for contracts awarded on the basis of direct procurement, the documentation shall include justifications for using the method, the technical and financial capacity of the firm, and the signed original of the contract.

8.2 The Borrower shall furnish such documentation to the Bank upon request for examination by the Bank or by its consultants/auditors.

9. Retaining Documents for Contracts Subject to Post Review

9.1 The Borrower shall retain all documentation and shall furnish such documentation to the Bank upon request, with respect to each contract subject to post review, according to the requirements of the Legal Agreement. This documentation shall include, but is not limited to:

a. complaints, the signed original of the contract and all subsequent amendments or addenda,

b. the Bids/Proposals evaluation report, and the recommendation for award; and

c. the payment invoices or certificates, as well as the certificates for inspection, delivery, completion, and acceptance of Goods, Works, and Non-consulting Services, for examination by the Bank or by its consultants/auditors.

10. Modifications of the signed Contract

10.1 For contracts subject to prior review, the Borrower shall seek the Bank's no objection before agreeing to:

a. an extension of the stipulated time for execution of a contract that has an impact on the planned completion of the project;

b. any material modification of the scope of the Works, Goods, Non-consulting services or Consulting Services, or other significant changes to the terms and conditions of the contract;

c. any variation order or contract amendment (except in cases of extreme urgency), including due to extension of time, that singly or combined with all previous variation orders or amendments, increases the original contract amount by more than 15% (fifteen percent);

d. the proposed termination of the contract;

e. any material modification to the SEA/SH Prevention and Response obligations in Works contracts; or

f. any amendment(s) or modification(s) of ongoing contracts involving a firm disqualified for SEA/SH non-compliance.

10.2 If the Bank determines that the Borrower's request for any such modification would be inconsistent with the provisions of the Legal Agreement and/or Procurement Plan, it informs the Borrower and states the reasons for its determination. The Borrower shall provide a copy of all amendments to the contract to the Bank for its records.

11. Due Diligence concerning the Bank's Sanctions Policies, Procedures and Disqualification mechanism

11.1 When conducting key stages of the procurement process, and as a minimum during the evaluation of Bids/Proposals, the Borrower shall check:

a. the eligibility of Bidders/Proposers/Consultants from the lists of firms and individuals debarred or suspended by the Bank that are posted on the Bank's external website, in those cases of debarred firms and individuals, and Bank's Client Connection website

and/or other sources of information that the Bank may make available for listing of suspended firms or individuals;

b. the disqualification status of Bidders/Proposers/Consultants disqualified pursuant to Paragraph 3.34 (Disqualification of Firms).

11.2 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 or disqualified pursuant to Paragraph 3.34 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, debarred or disqualified firm or individual after the effective date of the suspension, debarment or disqualification without the Bank's prior review and no objection.

11.3 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;

a. for prior review contracts, in an amendment to which the Bank has given its no objection; and

b. for post review contracts, in an amendment signed before the effective date of suspension or debarment.

11.4 The Bank will not finance any new contract, or any amendment introducing a material modification to any existing contract that was signed with a suspended, debarred or disqualified firm or individual on or after the effective date of suspension, debarment or disqualification.

Annex III. Procurement-related Complaints

1. Purpose

1.1 This Annex details the procedures for administration and handling of procurement-related complaints (Complaints) arising in connection with contracts where SPDs are required to be used. Contracts where the Borrower shall use SPDs shall be specified in the Procurement Plan for the project. See summary in Table 1. Additional requirements apply for contracts subject to the Bank's prior review as set forth under Annex II, Procurement Oversight.

2. General requirements for Procurement-related Complaints

2.1 A Complaint may challenge:

a. The Borrower's selection documents, including: prequalification, initial selection, request for bids, requests for proposals documents;

b. the Borrower's decision to exclude an Applicant/Bidder/Proposer/Consultant from a procurement process prior to award; and/or

c. the Borrower's decision to award the contract following transmission of unsuccessful Bidder/Proposer/Consultant in the Notice of Intention to Award.

2.2 Complaints should be submitted by 'interested parties.' An interested party for this purpose means an actual Bidder/Proposer/Consultant seeking to obtain the contract at issue (including an Applicant for Prequalification/Initial Selection, if the complaint challenges the Applicant's disqualification). Potential Applicants/ Bidders/Proposers/Consultants are also interested parties in relation to complaints challenging the Prequalification/Initial Selection document, request for bids/ request for proposals document, or any other Borrower document requesting bids/Proposals or Applications.

2.3 Complaints shall be submitted to the Borrower in a timely manner, as described in paragraph 3.1 of this Annex.

2.4 The content of a Complaint is subject to the following requirements. Complaints shall be submitted In Writing to the Borrower and shall identify the name, contact details, and address of the complainant. In addition, the Complaint shall:

a. generally, identify the complainant's interest in the procurement as defined under paragraph 2.2 of this Annex;

b. identify the specific project, the procurement reference number, the current stage of the procurement process, and any other relevant information;

c. specify any previous communication between the complainant and the Borrower on the matters addressed in the complaint;

d. specify the nature of complaint, and the perceived adverse impact on them; and

e. state the alleged inconsistency with or violation of the applicable procurement rules.

2.5 The Borrower shall give prompt and fair consideration to each Complaint that meets the requirements of the above provisions of this Annex, and is submitted within the timelines set forth under paragraph 3.1 of this Annex.

2.6 Complaints that do not meet the requirements of paragraphs 2.2 to 2.4 of this Annex should be addressed within a reasonable time. If such Complaints relate to contracts subject to prior review by the Bank, they shall be shared by the Borrower with the Bank in order to determine an appropriate course of action.

3. Timeline and process for review and resolution of Complaints

3.1 Complaints that meet the requirements of paragraphs 2.2 to 2.4 of this Annex are subject to the timelines and procedures set out below. The Borrower shall not proceed with the next stage/phase of the procurement process, including the contract award, until it has properly addressed any such Complaint.

a. **Complaints challenging the terms of prequalification/initial selection documents: request for proposals documents, and any other Borrower document requesting Bids, Proposals or Applications** should be submitted to the Borrower at least ten (10) Business Days prior to the deadline for submission of Applications/ Bids/Proposals, or within five (5) Business Days after the issuing of any amended terms, whichever is later. The Borrower shall acknowledge in Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of the Complaint. If as a result of the Borrower's review of the Complaint, the Borrower decides to modify the prequalification/initial selection, request for bids/ request for proposals, or other documents, the Borrower shall issue an addendum, and if necessary, extend the application/Bid/Proposal submission deadline.

b. **Complaints challenging the exclusion from a procurement process prior to contract award** should be submitted to the Borrower within ten (10) Business Days following the Borrower's transmission to the interested party of notice of such exclusion. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, and shall review the Complaint and respond to the complainant not later than seven (7) Business Days from the date of receipt of Complaint. If as a result of the Borrower's review of a Complaint, the Borrower changes the results of the earlier stage/phase of the procurement process the Borrower shall promptly transmit a revised notification of evaluation results to all relevant parties advising on the next steps.

c. **Complaints following transmission of the Notification of Intention to Award the contract (or notification of intention to conclude a FA),** shall be submitted to the Borrower within the Standstill Period. The Borrower shall acknowledge In Writing the receipt of the Complaint within three (3) Business Days, shall review the Complaint and respond to the complainant, not later than fifteen (15) Business Days from the date of receipt of Complaint. If, as a result of the Borrower's review of a complaint, the Borrower changes its contract award recommendation, it shall notify the revised intent to award to all previously notified Bidders/Proposers/Consultants, and shall proceed with the contract award.

Complaints where the contract is subject to prior review

3.2 For contracts subject to prior review, the Borrower shall promptly inform the Bank of any Complaints received, and shall provide for the Bank's review all relevant information and documentation, including a draft response to the complainant once this is available.

3.3 If the Borrower's review of the Complaint results in:

a. a modification of the prequalification/initial selection, request for bids/request for proposals, or other document, as foreseen under paragraph 3.1 a. of this Annex);

b. the Borrower's changing its decision to exclude an Applicant/ Bidder/Proposer/Consultant as foreseen under paragraph 3.1 b. of this Annex); or

c. the Borrower's changing its contract award recommendation as foreseen under 3.1 c. of this Annex);

the Borrower shall, upon confirmation by the Bank of the satisfactory resolution of the Complaint:

a. issue an addendum, and if necessary, extend the Application/Bid/Proposal submission deadline; or

b. promptly transmit to the Bank a revised evaluation report.

3.4 The Borrower shall not proceed with the next stage/phase of the procurement process, including with awarding a contract without receiving from the Bank confirmation of satisfactory resolution of Complaint(s).

3.5 Notwithstanding the requirement under paragraph 3.4 of this Annex, for Complaints challenging the prequalification/initial selection/request for bids/request for proposals or other such document, or challenging exclusion prior to award, the Borrower should consult with the Bank about which, if any, steps in the procurement process may appropriately go forward while the Complaint is being considered.

Resolution of Complaints

3.6 In resolving a Complaint, the Borrower should ensure a timely and meaningful review of the Complaint, including all relevant documentation and facts and circumstances related to it. The Borrower shall provide sufficient information in its response to the complainant, while maintaining the confidentiality of information as provided under Paragraphs 5.19 and 5.20. A response to a Complaint should, as a minimum include the following elements:

a. Statement of issues: Specify the issues raised by the complainant that need to be addressed;

b. Facts and Evidence: Specify the facts and evidence that in the Borrower's view, are relevant to the resolution of the Complaint. These facts and evidence should be presented as a narrative, organized around the issues;

c. Decision and reference to the basis for the decision: State the decision that has been made following the review. Also, include reference to the basis for the decision e.g., Procurement Regulations, SPD for the contract in question, etc. The response should be as precise as possible in referring to the specific decision basis;

d. Analysis: Provide an explanation why the basis for the decision applied to the facts/issues raised by the Complaint necessitates this particular decision. The analysis may be short as

long as it is clear and identifies each question that has to be answered in order to arrive at an outcome; and

e. Conclusion: State clearly the resolution of the Complaint and describe the next steps to be taken.

Roles and Responsibilities of the Borrower

3.7 The Borrower's roles and responsibilities with respect to Complaints covered by this Annex include the following:

a. Provide timely and sufficient information to Bidders/Proposers/Consultants, including through the Notification of Intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision;

b. Promptly acknowledge Complaints received;

c. Resolve Complaints promptly and fairly;

d. Preserve the confidentiality and proprietary information of other Applicants/ Bidders/Proposers/Consultants, including commercial and financial information and trade secrets as requested by the Bidders/Proposers/Consultants in their Bids/Proposals;

e. Maintain complete records of all debriefings and Complaints and their resolution;

f. For contracts subject to prior review, inform the Bank promptly of any Complaint submitted and provide the Bank a copy of all relevant documents and information; and

g. For contracts subject to prior review, consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process.

Roles and Responsibilities of the Bidders/Proposers/Consultants

3.8 The Bidder's/Consultant's roles and responsibilities with respect to Complaints covered by this Annex include the following:

a. Comply with the requirements of paragraph 2.4 of this Annex regarding the content of the Complaint, and time limits set forth;

b. Be familiar with the provisions of the prequalification/initial selection document, request for bids/request for proposals document or other document, as well as the Bank's Procurement Regulations, so as to understand the rules governing the procurement process;

c. Timely request for debriefing, if one is desired;

d. Submit any Complaint within the permitted timeframe and to the entity/official designated for that purpose in the prequalification/initial selection/request for bids/ request for proposals document; and

e. Ensure that any Complaint submitted is as specific as possible in explaining the Bidder's/Proposer's/Consultant's issues or concerns, and the alleged violation of the

applicable procurement rules (e.g., Procurement Regulations, request for bids/ request for proposals document, etc.).

Roles and Responsibilities of the Bank

3.9 The Bank's roles and responsibilities with respect to Complaints covered by this Annex include the following:

a. Ensure that any Complaint addressed to the Bank is forwarded promptly to the Borrower for review and resolution;

b. In the case of prior review contracts, timely consider any action proposed by the Borrower, including, but not limited to, with respect to the conduct and content of a debriefing, the denial of a complaint; or the taking of action to correct the impropriety identified in the Complaint; and

c. Except for acknowledging receipt of a Complaint, not to discuss or communicate with any Applicant/Bidder/Proposer/Consultant during the evaluation and review process, until the publication of Public Notice of Award.

Table 1: Business standards for procurement-related complaints (where the procurement is subject to Prior Review)

Process step	Responsible Entity	Timeframe
Complaints challenging the terms of prequalification / initial selection documents, request for bids/ request for proposals documents, or any other Borrower document requesting Bids/Proposals or Applications	Potential Bidders/ Proposers/ Consultants	Complaints shall be submitted at least ten (10) Business Days prior to the deadline for submission of Applications/Bids/Proposals Borrower shall respond not later than seven (7) Business Days from the date of receipt of complaint.
Notify Applicant/Bidder/Proposer/Consultant of the basis for exclusion from consideration for a contract; rejection of Bid submitted; or intention to award.	Borrower	The timeframe will be specified in the respective documents governing the procurement process. As a general matter, notification should take place promptly after the Borrower has made the relevant determination. Upon receipt a Complaint challenging the above determination, the Borrower shall respond to the complainant not later than seven (7) Business Days after the receipt of complaint.
Complaints following transmission of the notification of the intention to award the contract shall be submitted to the Borrower within the Standstill Period.		Complaints should be submitted within the Standstill Period. The Borrower shall respond not later than 15 Business Days from the date of receipt of Complaint.
Request for debriefing.	Bidder/ Proposer/ Consultant	Within three (3) Business Days from the receipt of the Borrower's notification of the intention to award the contract.
Conduct debriefing when requested in a timely manner.	Borrower	The Borrower shall hold the debriefing within five (5) Business Days of receipt of the request. For all other requests for debriefing, the Borrower shall hold debriefing not later than fifteen (15) Business Days from the date of publication of public notice of award of contract.
Acknowledge receipt of Complaint.	Borrower	Within three (3) Business Days from the date of receipt of the Complaint
Forward complaint to the Borrower, if Complaint is submitted only to the Bank	Bank	Within three (3) Business Days from the date of receipt of the Complaint
Forward Complaint to the Bank, along with all relevant information and documentation.	Borrower	As soon as possible after receipt of Complaint

Annex IV. Fraud and Corruption

1. Purpose

1.1 The Bank's Anti-Corruption Guidelines and this Annex apply with respect to procurement under Bank Investment Project Financing operations.

2. Requirements

2.1 The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

2.2 To this end, the Bank:

a. Defines, for the purposes of this provision, the terms set forth below as follows:

i. "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

ii. "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

iii. "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

iv. "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

v. "obstructive practice" is:

(a) 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

(b) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.

b. Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, 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;

c. In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank 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 process, selection and/or execution 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;

d. Sanctions, pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework any firm or individual – determined at any time by the Bank to have engaged in Fraud and Corruption in connection with the procurement process, selection and/or execution of a Bank-financed contract;

e. Requires that a clause be included in request for bids/request for proposals documents and in contracts financed by a Bank loan, requiring bidders (applicants/proposers), consultants, contractors, and suppliers; and their sub-contractors, sub-consultants, agents, personnel, consultants, service providers or suppliers, permit the Bank to inspect[1] all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank;

f. Requires that, for Bank-financed operations to be implemented utilizing national procurement arrangements, as well as PPPs, agreed by the Bank, bidders (applicants/proposers) and consultants submitting bids/proposals will be required to accept the application of, and agree to comply with, the Anti-Corruption Guidelines during the procurement process, selection and/or contract execution, including the Bank's right to sanction as set forth in paragraph 2.2 d., and the Bank's inspection and audit rights as set forth in paragraph 2.2 e. Borrowers shall consult and apply the World Bank Group's lists of firms and individuals suspended or debarred. In the event a Borrower signs a contract with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate; and

g. Requires that, when a Borrower selects a United Nations (UN) agency to provide goods, works, non-consulting services and technical assistance services in accordance with paragraphs 6.47-6.48 and 7.27-7.28 of these Procurement Regulations under an agreement signed between the Borrower and the UN agency, the above provisions of paragraph 2 of this annex regarding sanctions on Fraud and Corruption shall apply in their entirety to all contractors, consultants, sub-contractors, sub-consultants, service providers, suppliers, and their employees, that signed contracts with the UN agency. As an exception to the foregoing, paragraphs 2.2 d. and 2.2 e. do not apply to the UN agency and its employees, and paragraph 2.2 e. does not apply to the contracts between the

[1]Inspections in this context usually are investigative (i.e., forensic) in nature. They involve fact finding activities undertaken by the Bank or persons appointed by the Bank to address specific matters related to investigations/audits, such as evaluating the veracity of an allegation of possible Fraud and Corruption, through the appropriate mechanisms. Such activity includes but is not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data and information (whether in hard copy or electronic format) deemed relevant for the investigation/audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verification of information.

UN agency and its service providers and suppliers. In such cases, the UN agency applies its own rules and regulations for investigating allegations of Fraud and 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 World Bank Group's lists 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 World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate.

2.3 With the specific agreement of the Bank, a Borrower may introduce in to the request for bids/request for proposals document for contracts financed by the Bank, a requirement that the bidder or consultant include in the bid or proposal an undertaking of the bidder or consultant to observe, in the Procurement Process, the country's laws against fraud and corruption (including bribery) as such laws have been identified in the request for bids/request for proposals documents. The Bank will accept the introduction of such a requirement at the request of the Borrower, provided the arrangements governing the undertaking are satisfactory to the Bank.

Annex V. Project Procurement Strategy for Development

1. Purpose

1.1 This Annex sets out the requirements for developing the Project Procurement Strategy for Development (PPSD). The PPSD provides the basis and justification for procurement decisions, including the approach to market and selection methods.

2. Requirements

2.1 The Borrower shall prepare for each project, a PPSD and a Procurement Plan. The Borrower prepares the PPSD and Procurement Plan during project preparation, and the Bank reviews the PPSD and agrees to the Procurement Plan before the completion of loan negotiations. The Borrower shall submit to the Bank, for its review and approval, any updates of the Procurement Plan approved by the Bank. The basis and justification for updates to the Procurement Plan shall be documented in the PPSD.

2.2 The level of detail and analysis in the PPSD shall be proportional to the risk, value and complexity of the project procurement.

2.3 The PPSD shall cover the following areas:

a. identification of the specific project needs;

b. assessment of the operating context and its potential impact on the procurement;

c. assessment of the implementing agency's capacity, resources and previous experience in procuring these types of activities;

d. assessment of the adequacy, behavior and capabilities of the market to respond to the procurement; and

e. justification of the proposed procurement arrangements based on market analysis, risk and operating context and the project's particular circumstances.

3. Specific Elements of the PPSD

3.1 The PPSD provides the basis for the Borrower to prepare the Procurement Plan and the Contract Management Plan. It includes the following sections.

Project overview

3.2 The following elements are included:

a. description of the project;

b. development objectives for the project;

c. key result indicators;

d. statement of any specific legal or policy requirements, including any sustainable procurement requirements and any proposal to use Alternative Procurement Arrangements; and

e. summary of the proposed procurement contracts.

Operating Context and Borrower Capacity

3.3 The PPSD should analyze and take into consideration the operational context factors that may affect the procurement approach, the motivation of bidders to participate, and the success of any subsequent contracts. This should include:

a. Governance aspects: fragile, conflict or volatile situations that may raise security concerns; state involvement in the specific economic sector (such as state-owned enterprises receiving government subsidies), legislative processes that may regulate the market/bidders; the overall legal framework; and Emergency Situations;

b. Economic aspects: a small economy that may result in a lack of competition or difficulty attracting international bidders; high inflation that may require use of another currency or inflation protection terms that protect a bidder so they are motivated to participate; any domestic preference that may motivate local businesses, but endanger international competition; track-record of on-time payment to suppliers, and exchange rate volatility;

c. Technological aspects: speed of technological change; need for information transfer and security so there is not a continued dependency on the bidders; internet access and restrictions; cell phone access and coverage; opportunity for, and dependency on, the use of technology for Project delivery, and may also include additional;

d. Sustainability aspects: sustainable procurement requirements, such as use of government environmental standards (e.g., energy/water efficiency targets), social impacts associated with working in sensitive environments, importing of labor and labor standards.

3.4 The Borrower shall consider the following factors in assessing their resource needs to implement the procurement:

a. procurement capacity to carry out the Procurement Process from planning to contract management;

b. experience in implementing similar projects, track record level of success and lessons learned;

c. contract management capacity; and

d. complaints management systems.

Market Research and Analysis

3.5 The purpose of market research is to develop a thorough understanding of the relevant sectors and the potential Bidders/Proposers/Consultants with which the procurement will interface to ensure that the procurement approach maximizes the likelihood of participation and selection of the right Bidders/Proposers/Consultants that deliver best VfM.

3.6 The market research and analysis assesses market-related risks and opportunities that will affect the preferred approach-to-market strategy. The market research and analysis is consolidated into a list of conclusions and implications that are used to select the Fit for Purpose approach to market for the contracts in the project.

Risk Management

3.7 The Risk Management Plan is informed by the analysis in the PPSD, and covers all major risks to achieving the defined needs through implementing the procurement arrangements. Risks can relate to the operating environment, market conditions, implementing agency capacity, procurement complexity and risk of SEA/SH.

3.8 The likelihood and impact of each risk shall be assessed, and a prioritized Risk Mitigation Plan developed and maintained throughout the life of the project, procurement risks and opportunities identified are managed through the Procurement Process, including procurement arrangements, technical specifications, contractual terms and conditions, evaluation criteria, and contract management.

Procurement Arrangements

3.9 The Borrower shall outline the preferred procurement arrangements for the contracts in the project, including the justification as to why the arrangements are fit for purpose:

a. approach to market (open, limited, direct, international/national, pre/post qualification, single-/multistage, one-/two-envelope, negotiations, BAFO);

b. selection methods;

c. type of Procurement Documents to be used; and

d. contracting strategy (contract packaging, types of contracts).

3.10 The Procurement Plan shall be developed that includes the summary of the procurement arrangements for each contract in the project.

3.11 For Works procurements in projects classified as high-risk for SEA/SH, the Procurement Plan must also detail use of the applicable SPD for large Works.

Contract Management

3.12 The PPSD will identify those contracts requiring a Contract Management Plan. The detailed requirements for the Contract Management Plan are set out in Annex XI, Contract Management.

3.13 All Works procurements in projects classified as high-risk for SEA/SH must have a Contract Management Plan as set out in Annex XI, Contract Management.

Annex VI. Domestic Preference

1. Purpose

1.1 This Annex sets out the evaluation procedures for the use of domestic preference for Works and domestically manufactured Goods offered in an open international competitive procurement. It does not apply to national competitive procurement. The domestic preference for Goods does not apply to Plant.

2. Requirements

Domestic Preference for Goods

2.1 The Borrower may, with the agreement of the Bank, grant a margin of preference in the evaluation of Bids/Proposals in open international competitive procurement to Bids/Proposals offering certain Goods manufactured in the country of the Borrower, when compared to Bids/Proposals offering such Goods manufactured elsewhere. In such cases, the request for bids/request for proposals document shall clearly indicate any preference to be granted to domestically manufactured Goods and the information required to establish the eligibility of a Bid/Proposal for such preference. The nationality of the manufacturer or Bidder shall not be a condition for such eligibility. The methods and stages set forth hereunder shall be followed in the evaluation and comparison of Bids/Proposals.

2.2 For comparison, responsive Bids/Proposals shall be classified in one of the following three groups:

a. Group A: Bids/Proposals exclusively offering Goods manufactured in the country of the Borrower, if the Bidder/Proposer establishes to the satisfaction of the Borrower and the Bank that:

   i. labor, raw material, and components, including domestic transportation and insurance, from within the country of the Borrower will account for 30% (thirty percent) or more of the Ex Works (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/Proposal submission.

b. Group B: All other Bids/Proposals offering Goods manufactured in the country of the Borrower; or

c. Group C: Bids/Proposals offering Goods manufactured abroad that have already been imported or that will be directly imported.

2.3 The price quoted for Goods in the Bids/Proposals 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/Proposals of Group C shall be also be on the basis of Incoterm CIP (place of destination), which is exclusive of customs duties and other import taxes already paid or to be paid.

2.4 In the first step, all evaluated Bids/Proposals in each group shall be compared to determine the Most Advantageous Bid/Proposal in each group. Such Most Advantageous Bids/Proposals shall be compared with each other and if, as a result of this comparison, a Bid/Proposal from Group A or Group B is the best, it shall be selected for contract award.

2.5 If as a result of the comparison under paragraph 2.4 of this Annex, the Most Advantageous Bid/Proposal is from Group C, all Bids/Proposals from Group C shall be further compared with the Most Advantageous Bid/Proposal 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 Incoterm CIP Bid/Proposal 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/Proposal from Group A is the best, it shall be selected for contract award. If not, the Most Advantageous Bid/Proposal from Group C shall be selected as per paragraph 2.4 of this Annex.

Domestic Preference for Works

2.6 In the evaluation of Bids/Proposals in open international competitive procurement for Works contracts, eligible Borrowers (preference for domestic Bidders/Proposers is applicable only in countries which qualify), may, with the agreement of the Bank, grant a margin of preference to domestic Bidders/Proposers when comparing to Bids/Proposals from foreign Bidders/Proposers. In such cases, the request for bids/request for proposals document shall clearly indicate any preference to be granted to domestic contractors and the information required to establish the eligibility of a Bid/Proposal for such preference. The following provisions shall apply:

a. Bidders/Proposers applying for this preference are asked to provide, as part of the data for qualification, the information, including details of ownership, required to determine whether, according to the classification established by the Borrower and accepted by the Bank, a particular Bidder/Proposer or group of Bidders/Proposers qualifies for domestic preference. The request for bids/request for proposals document shall clearly indicate whether the preference will apply and what method will be followed in the evaluation and comparison of Bids/Proposals to give effect to the preference; and

b. After Bids/Proposals have been received and reviewed by the Borrower, responsive Bids/Proposals shall be classified into the following groups:

iii. Group A: Bids/Proposals offered by domestic Bidders/Proposers eligible for the preference; and

iv. Group B: Bids/Proposals offered by other Bidders/Proposers.

2.7 As a first evaluation step, all evaluated Bids/Proposals in each group are compared to determine the Most Advantageous Bid/Proposal in that group, and the Most Advantageous Bids/Proposals from the two groups are then compared with each other. If, as a result of this comparison, a Bid/Proposal from Group A is the Most Advantageous Bid/Proposal, it shall be selected for the award of contract. If a Bid/Proposal from Group B is the Most Advantageous Bid/Proposal, as a second evaluation step, all Bids/Proposals from Group B shall then be further compared with the Most Advantageous Bid/Proposal from Group A. For the purpose of this further comparison only, an amount equal to 7.5% ,seven and one-half percent) shall be added to the respective

Bid/Proposal 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/Proposal from Group B. If the Bid/Proposal from Group A is the Most Advantageous Bid/Proposal, it shall be selected for award of contract. If not, the Most Advantageous Bid/Proposal from Group B based on the first evaluation step shall be selected.

Annex VII. Sustainable Procurement

1. Purpose

1.1 This Annex outlines the Bank's requirements for a Borrower that decides to include additional sustainable procurement aspects beyond environmental and social matters required by the Bank. Further application of sustainable procurement is not mandatory for Borrowers; Borrowers can determine the extent to which they implement additional sustainable procurement requirements, as long as these requirements are applied in ways that are consistent with the Bank's Core Procurement Principles.

2. Implementing Sustainable Procurement

2.1 The intention to adopt sustainable procurement requirements in the Procurement Process should be identified at the planning stage of the Project Procurement Strategy for Development (PPSD).

2.2 The Bank's Procurement Regulations allow for a number of stages at which sustainable procurement considerations may be applied:

a. Prequalification/ Initial Selection of firms;

b. functional and/or detailed technical specifications;

c. evaluation criteria;

d. contract terms and conditions; and

e. contract performance monitoring.

2.3 Sustainable procurement requirements may arise from the following sources:

a. The Borrower's policies on economic, social, and environmental sustainability.

b. Risks and opportunities identified through analysis of the market or the business and operating environment. Sustainability risks and opportunities that could be managed through the Procurement Process may also be identified through the environmental and social impact assessments.

2.4 The sustainable procurement requirements should be based on evidence (i.e., with supporting data), and on existing social-label criteria, eco-label criteria, or information collected from stakeholders in industry, civil society, and international development agencies.

2.5 The Borrower shall not request sustainable procurement requirements that are proprietary or otherwise available to only one firm, unless such a requirement is justified to the satisfaction of the Bank.

2.6 If sustainable procurement requirements are specified, relevant evaluation and qualification criteria shall be specified in the request for bids/request for proposals documents to enable the evaluation of sustainable procurement aspects in Bids/Proposals. The Borrower may adopt international sustainability standards covering a wide range of product and service groups, provided they are consistent with Bank's Core Procurement Principles. Internationally recognized certification or accreditation schemes may be used to demonstrate a firm's ability to apply

environmental management measures. Such schemes may include ISO 14001 or other systems that conform to the relevant international standards on certification and environmental management. Firms may also be able to demonstrate that they apply equivalent sustainable management measures, even without certification.

2.7 The Borrower may include economic, environmental, and social considerations in a contract, provided they are consistent with Bank policy.

2.8 If sustainable procurement requirements are included in a contract, the KPIs should include key sustainable procurement aspects to enable monitoring the requirements.

Annex VIII. Contract Types

1. Purpose

1.1 This Annex lists the different types of contracts that may be used in procurement financed by the Bank.

2. Requirements

2.1 The determination of contract types and arrangements shall be based on VfM and fit-for-purpose considerations.

3. Contract Types

3.1 The list below includes, but is not limited to, the common contract types based on payment conditions.

Lump-Sum Contracts

3.2 Under a lump-sum contract, the contractor/Consultant agrees to perform the scope of services for a fixed contract amount. Payment percentages or amounts may be linked to the completion of contractual milestones or determined as a percentage of the value of the work to be done.

3.3 Lump-sum contracts may be appropriate when:

a. the scope of the procurement activity can be clearly and accurately specified and can be linked to milestone payments at the time of selection (e.g., simple civil Works, Consulting Services with clearly identifiable deliverables); and

b. the contractor is responsible for delivering the completed Works, Plant, or pre-built information technology solutions, as in turnkey contracts, and can be paid on a lump-sum basis per contractual milestones.

Performance-based Contracts

3.4 In a performance-based contract, the payments are not made for inputs but for measured outputs that aim at satisfying functional needs in terms of quality, quantity, and reliability.

3.5 Performance-based contracts may be appropriate for:

a. rehabilitation of roads and operation and maintenance of the roads by a contractor for specified periods;

b. the provision of Non-consulting Services to be paid on the basis of outputs; and

c. operation of a facility to be paid on the basis of functional performance.

Admeasurement - Contract based on Unit Prices

3.6 This type of contract is based on estimated quantities of items and contractual unit prices for each of these items, and is paid on the actual quantities and contractual unit prices.

3.7 This type of contract is appropriate for Works, when the nature of the work is well defined, but the quantities cannot be determined with reasonable accuracy in advance of construction, as in roads or dams.

3.8 For Goods and Non-consulting Services, this type of contract is appropriate when the required quantities are known and unit prices are sought from Bidders.

Time-based Contracts

3.9 Under time-based contracts, the payment is made on the basis of agreed rates and time spent, plus reasonable incurred reimbursable expenses.

3.10 These types of contractual arrangements may be used for:

a. Emergency Situations, and repairs and maintenance work; or

b. Consulting Services, when it is difficult to define or fix the scope and duration of the services (e.g., complex studies, supervision of construction, advisory services).

3.11 This type of contract is not appropriate for Goods or Plant.

Reimbursable-cost Contracts

3.12 Under reimbursable-cost contracts, payments cover all actual costs, plus an agreed fee to cover overhead and profit.

3.13 These types of contracts may be appropriate for circumstances such as emergency repairs and maintenance work. To minimize risk to the Borrower:

a. the contractor makes all records and accounts available for inspection by the Borrower or by some agreed neutral third party; and

b. the contract includes appropriate incentives to limit costs.

4. Other Types of Contractual Arrangements

Framework Agreements

4.1 These are contractual arrangements for fixed or variable volumes of products or services provided over a fixed period. For details see Annex XV, Framework Agreements.

Public-Private Partnerships

4.2 For PPP, the several possible contract arrangements (such as build-operate-transfer (BOT), and build-own-operate-transfer (BOOT)), are addressed in Annex XIV, Public-Private Partnerships.

Annex IX. Contract Conditions in International Competitive Procurement

1. Purpose

1.1 This Annex lists the minimum contract conditions required for international competitive procurement for Goods, Works, and Non-consulting Services in IPF operations.

2. Requirements

2.1 The contract conditions shall provide an appropriate allocation of responsibilities, risks and liabilities informed by an analysis of which party is best placed to manage the risks, taking into account the costs and incentives of risk allocation.

2.2 For international competitive procurement for Goods, Works, Non-consulting Services, and Consulting Services, the Borrower shall use the applicable Bank SPD, for example request for bids/request for proposals documents with minimum changes, acceptable to the Bank, as necessary to address any project-specific conditions.

2.3 For Goods, Works, and Non-consulting Services when the Bank has not issued an applicable SPD, the Borrower shall use other internationally recognized standard conditions of contract and contract forms acceptable to the Bank, and subject to the requirement in paragraph 2.27 of this Annex. If neither an applicable Bank SPD, nor other internationally recognized standard conditions of contract and contract form acceptable to the Bank are available, the Borrower shall at least include the following provisions in the contract.

Performance Security

2.4 Contracts for Works and Plant 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 amount, as specified by the Borrower in the request for bids/request for proposals document. The amount of the security may vary, depending on the type of security furnished and the nature and magnitude of the Works or facilities. Normally, the amount for bank guarantees should not exceed ten percent (10%) of the contract price unless the commercial practice for the industry recommends a different percentage. A portion of this security shall extend sufficiently beyond the date of completion of the Works or facilities to cover the defects liability or maintenance period up to final acceptance by the Borrower.

2.5 In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of Goods. To protect against nonperformance of the contract, firms may be required to provide a security in an appropriate and reasonable amount, specified by the Borrower in the request for bids/request for proposals document.

2.6 Performance securities shall be in an appropriate form, acceptable to the Bank, as specified by the Borrower in the request for bids/request for proposals document. Bidders/Proposers shall be allowed to submit a performance security directly issued by the reputable bank or financial institution (insurance, bonding or surety company), of their choice, located in any eligible country. However, if the performance security is issued by a financial institution that is located outside the

Borrower's country, if it is not enforceable, the financial institution shall have a correspondent financial institution located in the Borrower's country to make it enforceable.

Defaults

2.7 The contract includes provisions such as suspension and termination, addressing contractual defaults by either party.

Force Majeure

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

Liquidated Damages and Bonus Clauses

2.9 Time for contract completion/ delivery period shall be specified. 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 other benefits to the Borrower. Provision may also be made for a bonus to be paid to contractors for completion of Works or delivery of Goods ahead of the times specified in the contract, when an earlier completion or delivery would be of benefit to the Borrower.

Value Engineering

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

Contract Change Management

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

Payments

2.12 Payment contract provisions shall be in accordance with the international commercial practices applicable to the specific Goods, Works and Non-consulting Services.

2.13 Contracts for Goods provide for full payment on the delivery and inspection (if required), of the contracted Goods, except for contracts involving installation and commissioning; for such contracts, a portion of the payment may be made after the contractor has complied with all its obligations under the contract. The Bank normally requires the use of letters of credit to assure prompt payment to the contractor. In major contracts for equipment and Plants, provisions shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.

2.14 In appropriate cases contracts for Works shall provide, for mobilization advances, advances on contractor's equipment and materials, regular progress payments, and reasonable retention amounts to be released upon the contractor's compliance with its obligations under the contract.

2.15 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 request for bids/request for proposals document. Amounts and timing of other advances to be made, such as for materials delivered to the site for incorporation in the Goods or Works, shall also be specified. The request for bids/request for proposals document shall specify the arrangements for any security required for advance payments.

Taxes, Duties and Levies

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

Price Adjustments

2.17 The contract shall state either that:

a. contract prices shall be fixed; or

b. the contract price adjustments will be made to reflect any changes in major cost components of the contract, such as labor and materials.

2.18 Price adjustment provisions are usually not necessary in simple contracts involving delivery of Goods, or completion of Works and Non-consulting Services within eighteen (18) months, but are included in contracts that extend beyond eighteen (18) months. Contracts of shorter duration (less than 18 months), may also include similar provisions for price adjustments when local or foreign inflation is expected to be high. Prices are adjusted by using applicable official price indices. Where such indices are not available, they may be derived from appropriate documented sources.

2.19 The formula, the applicable price indices, and the base date for application shall be clearly defined in the contract. The contract shall also have appropriate provisions for treatment of the impact on a contract change in laws and regulations in the Borrower's country, if after 28 days prior to the date of Bid/Proposal submission, that subsequently affects the contract completion period/delivery date and/or the contract price.

Incoterms

2.20 The applicable version of Incoterms shall be used in the contract for Goods.

Insurance

2.21 Contracts shall include types and terms of insurance to be provided by contractors. Normally, an 'all risk' type of insurance 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 payment or in a freely convertible currency to enable prompt replacement of lost or damaged Goods.

2.22 If a Borrower does not wish to obtain insurance coverage through the contract, and wishes to make its own arrangements or to reserve insurance to national firms or other designated sources, it provides 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 Works; and

b. risks are adequately covered.

Copyright and Patent Indemnity

2.23 The conditions of contract shall include appropriate provisions on copy rights and patent indemnity.

Applicable Law and Settlement of Disputes

2.24 The conditions of contract for international competitive procurement shall include provisions dealing with the applicable law and the forum for the settlement of disputes. All international competitive procurement contracts are required to include appropriate mechanisms for independent dispute resolution either, Dispute Review Experts or Dispute Review Boards.

2.25 International commercial arbitration in a neutral venue shall also be required unless the national regulations and arbitration procedures are acceptable to the Bank in terms of equivalence to international commercial arbitration and the venue is neutral, or the contract has been awarded to a Bidder/Proposer/Consultant from the Borrower's country.

2.26 The Bank shall not be named arbitrator or be asked to name an arbitrator. It is understood, however, that officials of the International center for Settlement of Investment disputes (ICSID) shall remain free to name arbitrators in their capacity as ICSID officials.

Fraud and Corruption

2.27 The Bank requires application of, and compliance with, the Anti-Corruption Guidelines, including without limitation the Bank's right to sanction and the Bank's inspection and audit rights. For details see Annex IV, Fraud and Corruption.

Annex X. Evaluation Criteria

1. Purpose

1.1 This Annex describes the principles of Bid/Proposal evaluation criteria and methodology, and their application in procurement financed by the Bank.

2. Requirements

2.1 The Project Procurement Strategy for Development (PPSD) informs the evaluation criteria. The criteria shall be appropriate to the nature and complexity of the procurement to enable the Borrower to achieve VfM.

2.2 The following requirements govern the Bid/Proposal evaluation criteria:

a. the evaluation criteria shall be proportionate and appropriate to the type, nature, market conditions, complexity, risk, value and objective of what is being procured;

b. to the extent practicable, evaluation criteria should be quantifiable (such as convertible to monetary terms);

c. the request for bids/request for proposals document shall include the complete evaluation criteria and the specific manner in which they shall be applied;

d. only the evaluation criteria, and all the evaluation criteria, indicated in the request for bids/request for proposals document shall be applied;

e. once the request for bids/request for proposals document have been issued, any change to the evaluation criteria shall be made only through addenda; and

f. the evaluation criteria shall be applied consistently to all Bids/Proposals submitted.

2.3 To achieve VfM, the evaluation criteria may take into account such factors as the following:

a. Cost: evaluation of cost using a methodology that is appropriate to the nature of the procurement including:

i. adjusted Bid price; or

ii. adjusted Bid price plus the running/recurrent cost over the useful lifetime of the asset on net present cost basis (life-cycle costs);

b. Quality: evaluation of quality using a methodology to determine the degree to which the Goods, Works, Non-consulting Services or Consulting Services meet or exceed the requirements;

c. Risk: criteria that mitigate the relevant assessed risk;

d. Sustainability: criteria that take into account stated economic, environmental, and social benefits in support of the project objectives, and may include the flexibility of the Proposal to adapt to possible changes over the life-cycle; and/or

e. Innovation: criteria that allow assessment of innovation in the design and/or delivery of the Goods, Works, Non-consulting Services, or Consulting Services and that give

Bidders/Proposers the opportunity to include, when appropriate, in their Bids/Proposals, solutions that exceed the requirements or alternative solutions that could deliver better VfM.

3. Goods, Works, and Non-consulting Services

Qualifying criteria

3.1 Qualifying criteria are the minimum requirements in the request for bids/request for proposals document normally evaluated on pass/fail basis.

Rated-type Criteria

3.2 Rated-type criteria, that is, non-price attributes assessed with merit points, are used, when benefits may not be quantifiable (or the evaluation criteria cannot be expressed in monetary terms), and the benefits associated with these rated criteria are expected to vary among different Bids/Proposals.

3.3 The rated-type criteria, and sub-criteria as appropriate, are prioritized, assigned merit points, and weighted according to their relative importance in meeting the desired outcome. The number of sub-criteria should be kept to the minimum.

3.4 Rated criteria may include, but are not limited to, the following features as relevant:

a. quality of methodology and work plan;

b. performance, capacity, or functionality features; and

c. environmental and social matters/sustainable procurement.

Evaluation of Costs

3.5 As specified in the request for bids/request for proposals document, costs are evaluated on the basis of

a. adjusted Bid price, or

b. life-cycle costs.

3.6 Adjustments of Bid price include arithmetic correction, any discounts, and other adjustments specified in the request for bids/request for proposals document for evaluation purposes, including adjustments for deviation in the delivery/implementation schedule and/or payment terms, and corrections for minor deviations or omissions.

3.7 Life-cycle costing should be used whenever possible, particularly when the costs of operation and/or maintenance over the specified life of the Goods or Works are estimated to be considerable in comparison with the initial cost and may vary among different Bids/Proposals. It is evaluated on a net present cost basis.

3.8 When using life-cycle costing, the Borrower shall specify the following information in the request for bids/request for proposals document:

a. number of years used in the life-cycle cost determination;

b. the discount rate, in percent, to be used to calculate the net present cost of future costs over the life-cycle period specified in 3.8 a; and

c. the factors and methodology to be used for calculating the operation, maintenance, and residual value costs, including the information to be provided by the Bidder/Proposer in the Bid/Proposal.

Combined Rated-type Criteria and Cost

3.9 Bids/Proposals are given a financial score that is inversely proportional to their prices. The weighting to be used to combine the rated and financial scores to determine the Most Advantageous Bid/Proposal shall be specified in the request for bids/request for proposals document.

4. Consulting Services

Technical Evaluation

4.1 Technical Proposals of Consulting Services are evaluated through a scoring system that uses the following criteria:

a. adequacy of methodology and work plan;

b. relevant experience and qualifications of key staff; and

c. relevant experience of the firm.

4.2 In addition, transfer of knowledge and participation of nationals among key staff may be included as criteria, depending on the nature and needs of the assignment.

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

4.4 The Borrower normally divides these criteria into sub-criteria. Each criterion is then assigned a score on the basis of the total points assigned to its sub-criteria. The number of sub-criteria should be kept to the minimum essential.