Table 1. Range of scores for quality of Proposals (Consulting Services)

Rated criteria	Merit point range
Methodology	20 – 50%
Relevant experience and qualification of key staff	30 – 60%
Relevant experience of firm	0 – 10%
Transfer of knowledge	0 – 10%
Nationals among key staff [As reflected by the participation of nationals among key experts (whether presented by foreign or national firms), and calculated as the ratio of key national experts' time (in person months), to the total number of key experts' time (in person months), in the Proposal.]	0 – 10%

4.5 The request for proposals document shall specify the overall minimum technical score. The minimum technical score shall normally be in the range of 70-85% depending on the nature and complexity of the assignment.

Financial Evaluation

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

4.7 For a time-based contract, any arithmetical errors are corrected, and prices are adjusted if they fail to reflect all inputs that are included in the technical Proposals. For a lump-sum contract, the Consultant is deemed to have included all prices in its financial Proposal, so neither arithmetical corrections nor price adjustments shall be made; the total price, net of taxes as per paragraph 4.6 of this Annex, included in the financial Proposal is considered the offered price.

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

Combined Quality and Cost Scores

4.9 When using QCBS, the scores of the quality and the cost scores are weighted appropriately and added to determine the Most Advantageous Proposal.

4.10 The weighting of quality and cost scores depends on the nature and complexity of the consulting assignment. The range of quality and cost score weighting is normally as shown in Table 2, except for justifiable reasons with the Bank's prior review.

Table 2. Combined Quality / Cost Ratio for QCBS (Consulting Services)

Description	Quality/Cost Score Weighting (%)
High complex / downstream consequences / specialized assignments (or may use QBS method)	90 / 10
Moderate complexity	70-80 / 30-20
Assignments of a standard or routine nature (or may use LCS method)	60-50 / 40-50

Annex XI. Contract Management

1. Purpose

1.1 This Annex outlines the requirements for Contract Management and for monitoring through the Contract Management Plan in IPF operations.

2. Requirements

2.1 Effective contract management requires systematic and efficient planning, execution, monitoring, and evaluation to optimize performance while managing risks to ensure that both parties fulfill their contractual obligations with the ultimate goal of achieving VfM and results on the ground.

2.2 The Borrower begins developing a contract as early as possible in the Procurement Process. As these Procurement Regulations require, the contract conditions are included in the request for bids/request for proposals document for the particular Procurement Process. The level of detail required in a contract depends on the risk and complexity of the contract. The terms and conditions shall be fit-for-purpose, with appropriate allocation of risks, liabilities, roles, and responsibilities of the parties.

2.3 A Contract Management Plan is developed during contract creation and completed at the time the contract is signed.

2.4 Borrowers shall proactively manage contracts throughout their duration against the Contract Management Plan. Where required Key Performance Indicators (KPIs) are set to ensure that contractor performance is satisfactory, contract requirements are met, and relevant stakeholders are well informed and satisfied with the Goods, Works, Non-consulting Services, and Consulting Services provided under the contract. An evaluation of the contract execution shall be carried out at the contract completion to assess the performance, and if applicable, identify any lessons learned for future contracts.

3. Contract Management Plan and Contract Execution

3.1 For contracts identified in the PPSD, the Contract Management Plans shall typically contain a summary of details as follows:

a. identified potential risks (such as delays in the contractor's right of access to site, payment delays, and other defaults in the Borrower's contractual obligations that could potentially lead to contractual disputes), and their mitigation;

b. key contacts and roles and responsibilities of the parties:

   i. the names and contact details of the key contacts for each party;

   ii. ensuring that each party has established the necessary authorizations and delegations for its personnel at the beginning of the contract is an important prerequisite to ensuring that all contracting decisions are valid and enforceable;

c. communication and reporting procedures;

d. key contractual terms and conditions;

e. contractual milestones, including critical path (identified to ensure early detection and mitigation of issues), and payment procedures consistent with contractual provisions;

f. key contract deliverables, identified and properly described, and updated to account for change orders during the execution of the contract;

g. KPIs and a description of the measurement process (if required);

h. contract variation/change control mechanisms; and

i. record-keeping requirements.

Contract Monitoring

3.2 During contract execution, the Borrower uses the contract and the Contract Management Plan to ensure that both contracting parties are complying with the contractual provisions.

3.3 To determine whether VfM is achieved, the Borrower monitors the contract to ensure at least the following:

a. risks are managed or mitigated before they materialize;

b. the contract is completed on time and within budget;

c. contract variations are properly justified;

d. the outcome of the contract meets the objectives set at the start;

e. the Borrower's technical and commercial requirements are met or exceeded within budget; and

f. the final contract price compares favorably with comparable benchmarks.

Annex XII. Selection Methods

1. Purpose

1.1 This Annex provides further details on Approved Selection Methods and Particular Types of Approved Selection Arrangements.

2. Requirements

2.1 For each procurement, the Borrower identifies, from the Approved Selection Methods, the selection method that best fits the requirements and enables it to achieve VfM. Sections VI and VII of these Procurement Regulations provide the conditions and circumstances for using the Approved Selection Methods, Particular Types of Approved Selection Arrangements, and Market Approach Options.

3. Goods, Works, and Non-consulting Services

Procedures for using a RFP Selection Method

Initial Selection

3.1 Initial Selection shall normally be used with a RFP method for Goods, Works or Non-consulting Services. Initial Selection precedes each of the three RFP models applicable to these categories. The Borrower follows the steps below to carry out an Initial Selection process when using the RFP method:

a. **Initial Selection document:** prepare the initial selection document, using the applicable Bank's Standard Initial Selection Document;

b. **Specific Procurement Notice:** prepare the SPN inviting Applications for Initial Selection, using the Bank's applicable template for such notices. When the initial selection document is ready for distribution, publish the SPN in accordance with Paragraphs 5.23 and 5.24 (Publication of Procurement Opportunities), giving sufficient time for Applicants to obtain the initial selection document and prepare and submit their Applications;

c. **Clarifications and addenda:** respond to any request for clarifications from prospective Applicants in Writing, and forward a copy of the response to all prospective Applicants. Any amendment to the initial selection document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be in Writing and be communicated in Writing to all prospective Applicants;

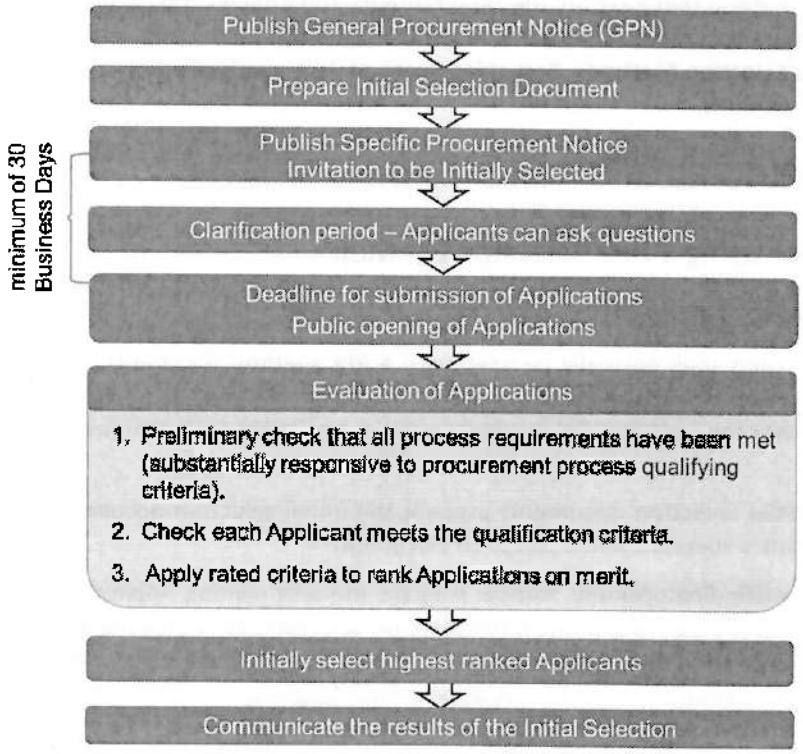
d. **Initial Selection Application submission and opening:** Applications are to be submitted by the deadline; however, the Borrower may accept Applications received after the deadline for submission of Applications, unless otherwise specified in the initial selection document. The Borrower prepares a record of the opening of Applications and distributes a copy of the record to all Applicants;

e. **Evaluation of Applications:** evaluate Initial Selection Applications on the basis of the criteria specified in the initial selection document. Firstly, Applicants are assessed against

qualifying criteria. All Applicants that meet the qualifying criteria are ranked based on an assessment against rated criteria. The highest ranked Applicants, to be invited to participate in the next stage of the procurement, are selected in accordance with the procedures specified in the Initial Selection Document; and

f. **Communication of Initial Selection results:** communicate the results of the Initial Selection process to all Applicants.

Figure 1: Process flow chart: Initial Selection



RFP Model 1: Two-Stage following Initial Selection

3.2 Model 1 is based on the following features:

a. **Preliminary stage**: initial selection (see process described in paragraph 3.1 of this Annex);

b. **Stage 1:** request for, and assessment of, technical Proposals. During this stage the Borrower undertakes discovery meetings with each Initially Selected proposer and has the ability to refine the business/functional performance requirements. Refined requirements are shared with all proposers simultaneously. Proposers have an opportunity to submit modified Proposals based on these refined needs;

c. **Stage 2:** request for, and assessment of, full technical and financial Proposals; and

d. **BAFO or negotiation are optional:** They are, however, mutually exclusive.

3.3 The Borrower follows the steps below to carry out a procurement using the RFP Model 1 selection method. These steps apply when there is no BAFO or negotiation:

a. **Initial Selection:** apply the procedures described at paragraph 3.1 of this Annex to identify the highest ranked Proposers, who are Initially Selected to proceed to Stage 1;

b. **Stage 1 Request for Proposals:** prepare the request for proposals document, using the Bank's Standard Request for Proposals document;

c. **Issue Request for Proposals:** issue the request for proposals document to all Initially Selected Applicants to submit technical Proposals only;

d. **Clarifications and amendment(s)**: Provide clarifications and amendment(s) in accordance with Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

e. **Technical Proposal submission deadline and opening:** meeting the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and 5.40 to 5.48 (Bid/Proposal Opening), as applicable;

f. **Proposal evaluation**: based on the evaluation criteria specified in the request for proposals document;

g. **Determination of responsiveness:** according to the requirements of the request for proposals document;

h. **Discovery Stage (Meetings, Clarifications and Addendum of Changes):** the Borrower examines the technical Proposals and may seek clarifications from Proposers in Writing. The Borrower conducts one-on-one meetings with each Proposer to probe, challenge and clarify the proposed technical Proposal. Following clarifications and one-on-one meetings, the Borrower shall:

   i. prepare an Addendum of Changes to the request for proposals document and issues it to all Proposers, as required;

   ii. prepare a Memorandum of Changes in relation to an individual Proposal and issue it to the relevant Proposer as required; and

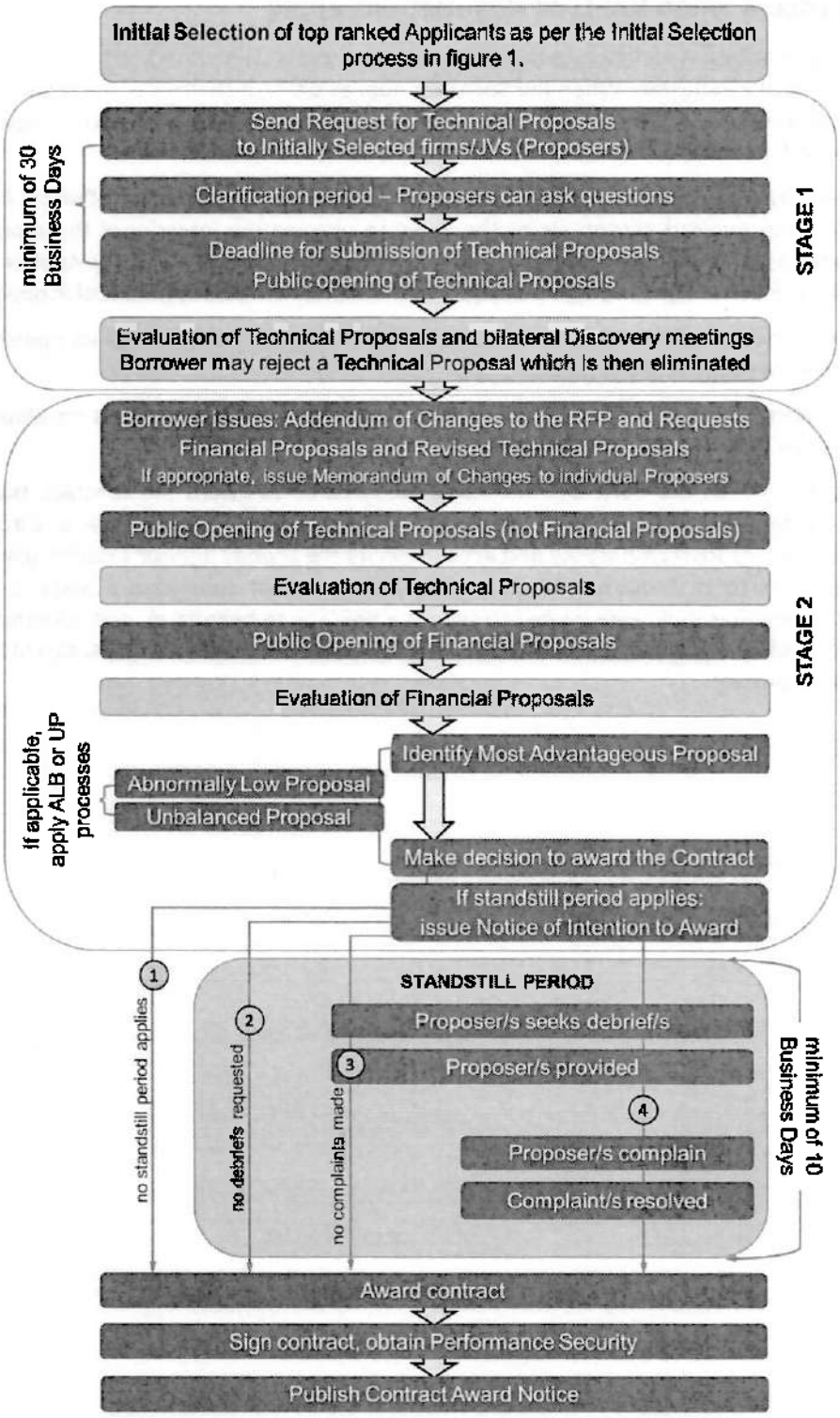
   iii. issue the invitation to submit second stage technical and financial Proposals to all qualified proposers with responsive stage 1 Proposals.

i. **Stage 2 Technical and Financial Proposals** (Proposal submission deadline and opening): shall meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission), and Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) as applicable. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical Proposals a public opening of financial Proposals takes place. Financial Proposals are then evaluated, in accordance with the evaluation criteria specified in the request for proposals document. The Borrower identifies the Most Advantageous Proposal;

j. **Notification of Intention to Award and Standstill Period**: The Borrower transmits its Notice of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period). Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Borrower); and

k. **Award of contract and publication of Contract Award Notice:** Once the Standstill Period has expired the Borrower may award the contract. The Borrower will then publish the Contract Award Notice. The Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice).

Figure 2: Process flow chart: RFP Model 1



Variation to process when BAFO or Negotiations apply

3.4 **BAFO or Negotiations:** A variation to the above process occurs when BAFO or Negotiations apply. These are mutually exclusive. When the Borrower applies BAFO, it shall meet the requirements of Paragraphs 6.32 and 6.33. When the Borrower applies Negotiations, it shall meet the requirements of Paragraphs 6.34 to 6.36.

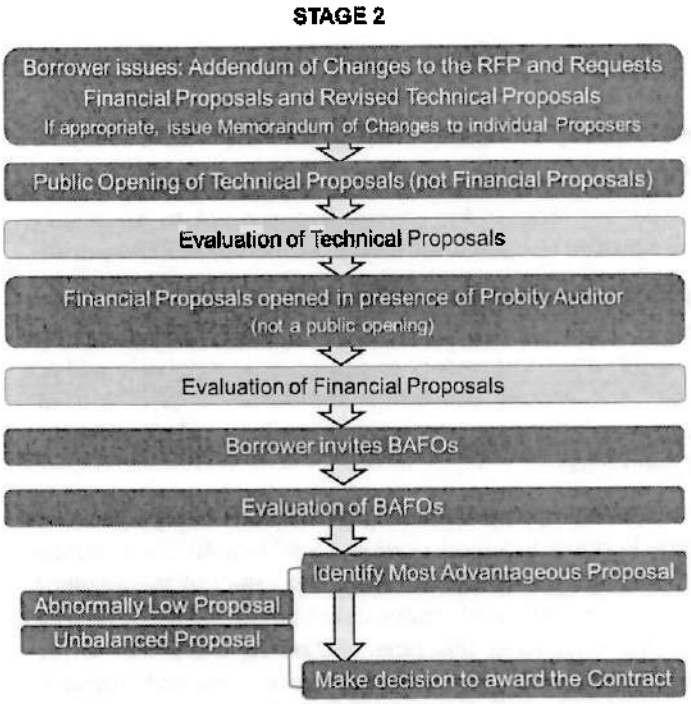
3.5 **Probity Auditor:** When BAFO or Negotiations apply the Borrower shall appoint a Probity Assurance Provider (Probity Auditor) acceptable to the Bank, to oversee the integrity of the procurement process, and in particular the conduct of BAFO or Negotiations. The Probity Auditor shall be approved by the Bank. For the Stage 2 opening of the second envelopes (financial Proposals):

a. the second envelopes shall not be opened at a public opening, but at an opening in the presence of the Probity Auditor; and

b. The Borrower shall prepare a record of the opening of the financial Part envelopes which shall be signed by the Probity Auditor.

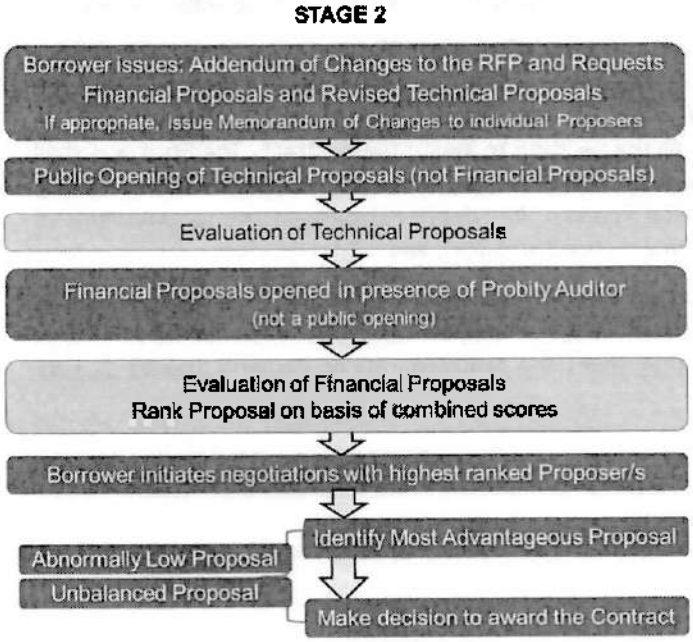
3.6 **Probity Report:** When the Borrower has made the decision to award the contract, the Probity Auditor shall prepare a probity report. The report will be provided to the Borrower and a copy sent to the Bank. To ensure transparency and accountability the probity auditor's report shall be sent by the Borrower to all Proposers (that is every Proposer that submitted a Stage 2 Proposal regardless of whether they were invited to submit a BAFO or to negotiate), and published on the Borrower's website. This shall be done at the same time as transmission of the Notice of Intention to Award the contract.

Figure 3: BAFO: Key process variations to RFP Model 1 for BAFO



Note: key variations in process are in yellow font

Figure 4: NEGOTIATIONS: Key process variation to RFP Model 1 for negotiations



Note: key variations in process are in yellow font

RFP Model 2: Streamlined

3.7 Following Initial Selection, the Borrower follows the steps below to carry out a procurement using the RFP selection method:

a. **Request for proposals document:** prepare the request for proposals document, using the Bank's Standard Request for Proposals document;

b. **Issue Request for Proposals:** issue the request for proposals document to all Initially Selected Proposers. Proposers are invited to submit full technical and financial Proposals;

c. **Clarifications and amendments:** respond to any request for clarifications from Proposers In Writing, and forward a copy of the response to all Proposers. Any addenda to the initial selection document that the Borrower deems necessary as a result of additional/modified information or clarifications shall be In Writing and be communicated In Writing to all Proposers. In providing clarifications and issuing addenda the Borrower shall meet the requirements of Paragraphs 5.31 and 5.32;

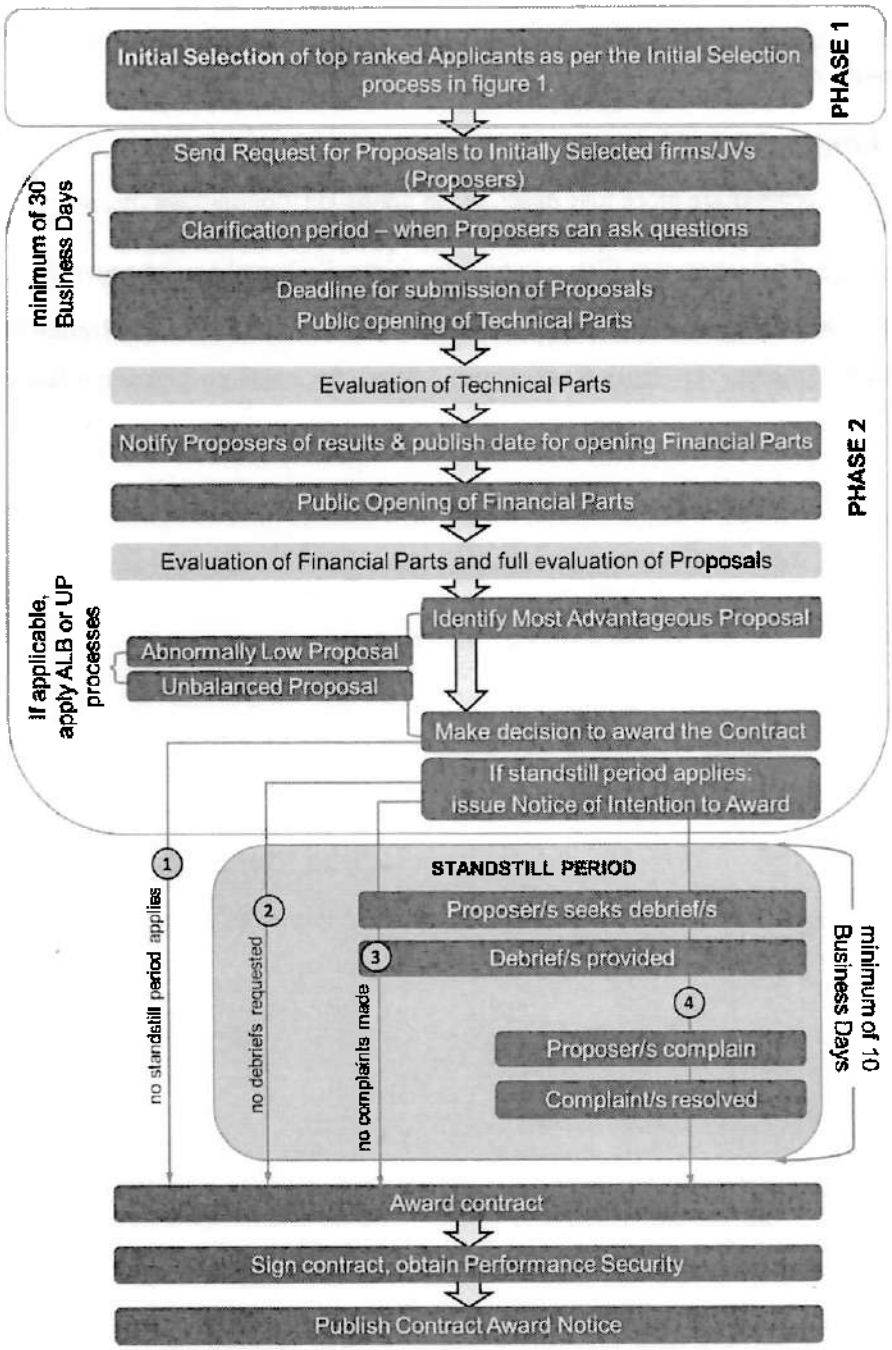
d. **Proposal submission deadline and opening**: meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission) and 5.40 to 5.48 (Bid/Proposal Opening), as applicable. Proposals shall be submitted prior to the expiry of the deadline for submissions. At the public opening the technical Proposals are opened and details read out. The financial Proposals are not opened at this time. Following evaluation of the technical Proposals a public opening of financial Proposals takes place. Financial Proposals are then evaluated, in accordance with the evaluation criteria specified in the request for proposals document. The Borrower identifies the Most Advantageous Proposal;

e. **Proposal evaluation and post-qualification assessment**: Proposals are evaluated in accordance with the evaluation criteria specified in the request for proposals document;

f. **Notification of Intention to Award and Standstill Period:** The Borrower transmits its Notice of Intention to Award the Contract to the unsuccessful Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract. The Borrower shall meet the requirements of Paragraphs 5.72 to 5.74 (Notification of Intention to Award), Paragraphs 5.78 to 5.80 (Standstill Period). Any debrief shall meet the requirements of Paragraphs 5.81 to 5.87 (Debriefing by the Borrower); and

g. **Award of contract and publication of contract award:** Once the Standstill Period has expired the Borrower may award the contract. The Borrower will then publish the Contract Award Notice. The Borrower shall meet the requirements of Paragraphs 5.93 to 5.95 (Contract Award Notice).

Figure 5: Process flow chart: RFP Model 2 (without BAFO or negotiations)



Variation to process when BAFO or Negotiations apply

3.8 A variation to the above process occurs when BAFO or Negotiations apply. The Borrower shall meet the requirements described in paragraphs 3.4 to 3.6 of this Annex.

RFP Model 3: Competitive Dialogue

3.9 The key steps in process are more fully described in Annex XIII, Competitive Dialogue.

4. Procedures for using a Request for Bids Selection Method

4.1 For Prequalification, the Borrower uses the applicable Bank's Standard Prequalification Document.

4.2 For the bidding process, see Figure 6 and Figure 7 below for single envelope and two envelopes respectively.

Figure 6: Process flow chart: RFB One-envelope process (without Prequalification)

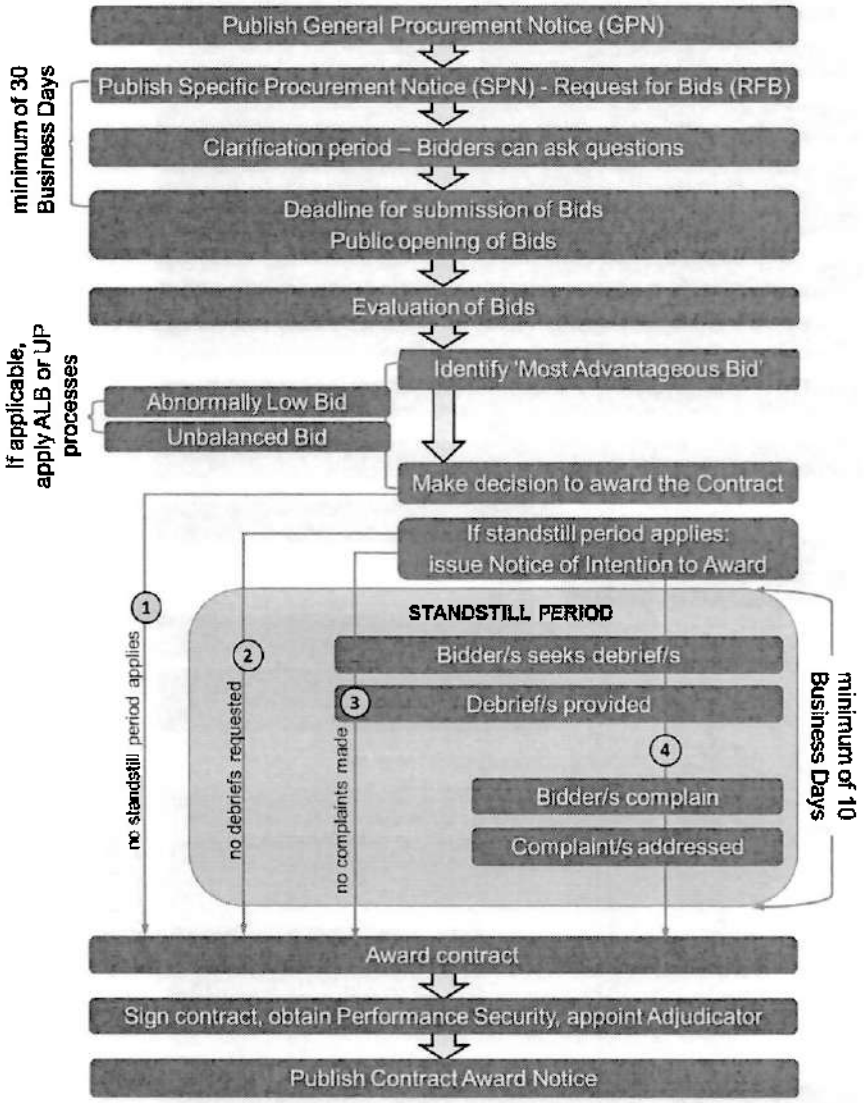
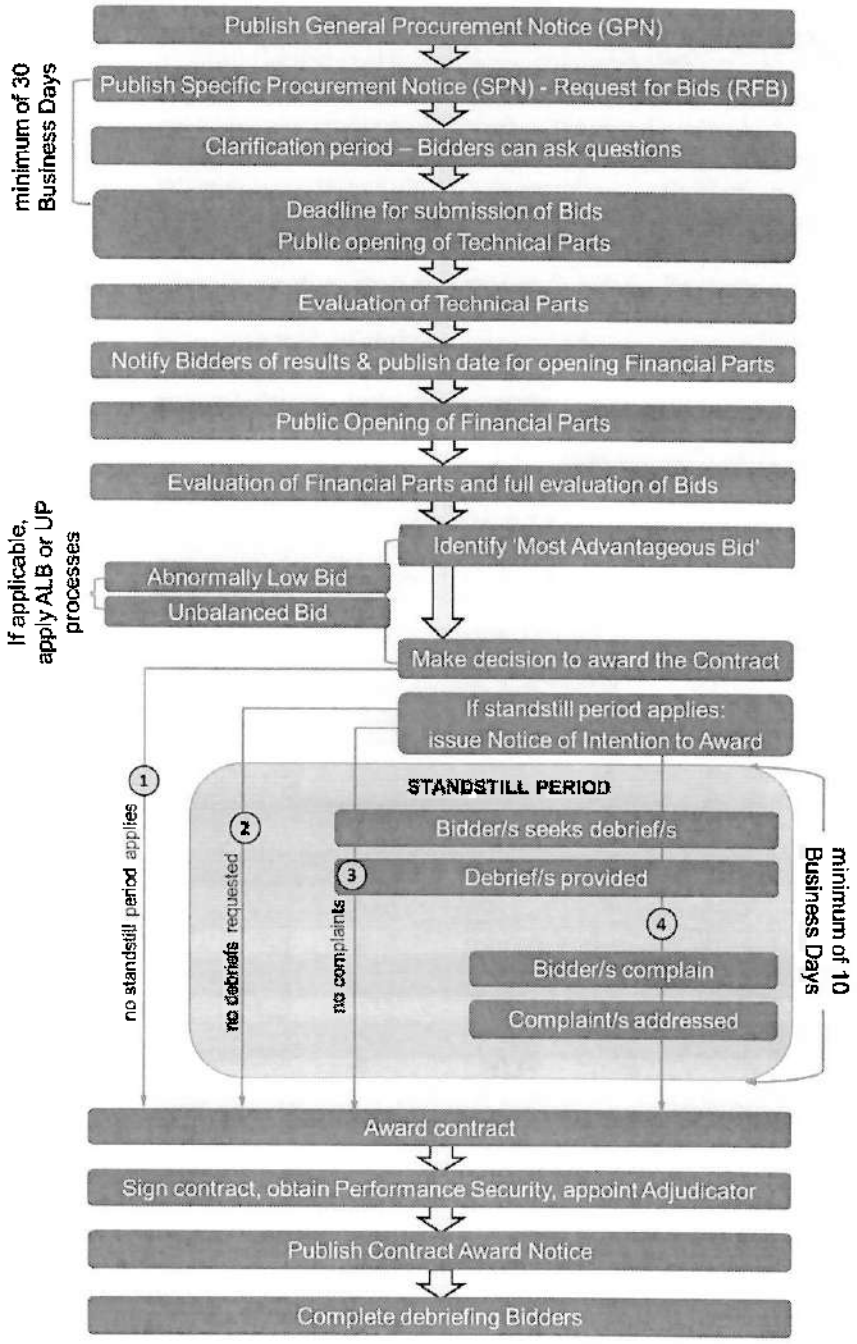


Figure 7: Process flow chart: RFB Two-envelope process (without Prequalification)



5. Requests for Quotations

5.1 Quotations should be obtained through advertisement or, when limited competition is justified, through a request for quotations (RFQ) to a limited number of firms. To ensure competition, the Borrower should request quotations normally from not fewer than three (3) firms.

5.2 Firms shall be given sufficient time to prepare and submit their quotations. RFQs shall include the description, quantity, delivery period, location of the Goods, Works and Non- consulting Services, including any installation requirements, as appropriate. The request shall also indicate the deadline for submission of quotations and specify that quotations may be submitted by letter, facsimile or by electronic means.

5.3 The evaluation of the quotations and contract award shall be carried out according to the criteria specified in the RFQ. The terms of the accepted quotation shall be incorporated in a contractually binding document. The Borrower shall keep records of all proceedings regarding RFQs.

6. Particular Types of Procurement Arrangements

E-reverse Auctions

6.1 The E-reverse auction is a particular application of an RFQs and shall start within a reasonable time after firms that have been prequalified/registered and have met the minimum qualification criteria receive information on:

a. the automated evaluation method that will be used to rank Bidders during the E-reverse auction; and

b. any other relevant information on how the E-reverse auction is to be conducted, including clear instructions on how to access and participate in the auction.

6.2 Firms then place offers to provide the Goods or Non-consulting Services; at the end of the auction, the firm with the lowest Bid price is considered for award.

6.3 E-reverse auctions may be used when the Borrower's requirements are unambiguously specified and there is adequate competition among firms.

Program of Imports

6.4 Where the loan provides financing for a program of imports handled by the Borrower's public sector entities, the RFB selection method with simplified advertising and currency provisions may be used for large-value contracts, as defined in the Procurement Plan. The simplified provisions for notification do not require a GPN. SPNs shall be advertised 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 20 Business Days from the date of publication of the SPN on UNDB Online. Bidding and payment may be limited to one currency widely used in international trade. For smaller contracts identified in the Procurement Plan, the Borrower's public sector entities may procure the imports using the applicable procedures of the public sector entity handling the imports, if acceptable to the Bank.

6.5 When the private sector entity handles the procurement of imports, Commercial Practices, specified in Paragraph 6.46 (Commercial Practices), may be applied.

6.6 Pre-shipment inspection and certification of imports is one of the risk mitigation measures for the Borrower, particularly for a large import program. The inspection and certification usually covers quality, quantity and reasonableness of price. Imports procured using the RFB selection methods may not be subject to price verification, but only verification of quality and quantity. However, imports procured using less competitive methods than the RFB method may additionally be subjected to price verification. Physical inspection services may also be included.

Commodities

6.7 A framework arrangement may be established and a list of Bidders drawn up to whom periodic invitations to Bid 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, specified in the request for bids document, in which the commodity is usually priced in the market may be used for bidding and payment. Standard contract conditions and forms consistent with market practices shall be used.

6.8 E-Reverse auction may be used for procuring commodities from prequalified/registered firms if requirements can be unambiguously specified and there is adequate competition among firms.

Community-driven Development

6.9 CDD projects generally envisage a large number of small-value contracts for Goods, Non-consulting and/or Consulting Services, and a large number of small Works scattered in remote areas. Commonly used procurement procedures include RFQ; 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.

6.10 The proposed arrangements and the project activities to be carried out by community participation are outlined in the Legal Agreement and further elaborated in the relevant project implementation document (manual) approved by the Bank and made publicly available by the Borrower.

7. Consulting Services

Preparation of Shortlists

7.1 The Borrower shall follow the steps below to carry out a Shortlisting process:

a. **Terms of reference:** prepare the complete TOR for the assignment. The TOR shall define clearly the objectives, goals, and scope of the assignment, provide background information to facilitate preparation of Proposals, and be compatible with the budget;

b. **Request for Expressions of Interest:** prepare the Request for Expressions of Interests (REoI) in accordance with the template provided on the Bank's external website, according to Paragraph 5.25 (Standard Procurement Documents). The REoI includes the complete TOR;

c. **Publication of the REoI:** after the complete TOR have been prepared and are ready for distribution, make the TOR available to interested firms by publishing the REoI according to Paragraphs 5.22 to 5.24 (Publication of Procurement Opportunities);

d. **Clarifications and addenda to the REoI:** shall be in Writing;

e. **Submission of Expressions of Interests:** give firms sufficient time to respond to the REoI, normally no less than 10 Business Days. Late submission of an expression of interest (EoI) is not a cause for its rejection unless the Borrower has already prepared a Shortlist of qualified firms based on EoIs received; and

f. **Shortlisting:** assess the expressions of interest to determine the Shortlist. The criteria to be used for short listing may normally include: core business and years in business, relevant experience, technical and managerial capability of the firm. Key personnel are not evaluated at this stage. The final Shortlist is communicated to all firms that expressed interest, as well as any other firm or entity that requests this information. The invitation to Shortlisted firms to submit Proposals includes the names of all Shortlisted firms. Once the Bank has issued its no-objection to the Shortlist, the Borrower does not modify it without the Bank's no-objection.

Common Procedures for QCBS, FBS, and LCS

7.2 The Borrower shall follow the steps below to carry out a selection process when using QCBS, FBS or LCS methods.

a. **Request for Proposals Document:** prepare the request for proposals document using the Bank's applicable Standard Request for Proposals document;

b. **Proposal preparation period:** the Borrower shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;

c. **Letter of invitation to submit Proposals:** the Borrower's shall issue the letter of invitation to submit Proposals along with the request for proposals document to all the Shortlisted firms;

d. **Clarifications and addenda:** shall meet the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

e. **Proposal Submission:**

   i. the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes

   ii. shall meet the requirements of Paragraphs 5.36 and 5.37 (Bid/Proposal Preparation Period and Submission).

f. **Technical Proposal Opening:**

   i. the Borrower shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals.

   ii. shall meet the requirements of Paragraphs 5.40 to 5.48 (Bid/Proposal Opening) as applicable.

g. **Evaluation of Technical Proposals:** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;

h. **Communications of results:**

   i. once the evaluation of technical Proposals is complete, the Borrower shall inform all firms that submitted Proposal of their score and whether they met the minimum qualifying technical score specified in the request for proposals document. The Borrower shall simultaneously notify the firms that have met the technical Proposal requirements of when the financial Proposal shall be opened.

i. **Financial Proposals Opening:**

   i. the Borrower shall conduct the opening of the financial Proposals in accordance with Paragraphs 5.40 to 5.48 (Bid/Proposal Opening), as applicable.

j. **Evaluation of Financial Proposals**: shall meet the requirements indicated in the request for proposals document;

k. **Combined Quality and Cost Evaluation**: shall meet the requirements set out in the request for proposals document;

l. **Negotiations:** Negotiations shall include discussions of the TOR, the methodology, Borrower's inputs, and special conditions of the contract. These discussions shall not substantially alter the original scope of services under the TOR or the terms of the contract;

m. **Notification of Intention to Award and Standstill Period:** as per Paragraphs 5.75 to 5.77 (Notification of Intention to Award), and Paragraphs 5.78 to 5.80 (Standstill Period);

n. **Award of Contract and publication of contract award:** shall meet the requirements of Paragraphs 5.88 to 5.92 (Conclusion of Standstill Period and Contract Award), and Paragraphs 5.93 to 5.95 (Contract Award Notice); and

o. **Debriefing**: as per Paragraphs 5.81 to 5.87 (Debriefing by the Borrower).

Procedures for using a Quality-based Selection Process

7.3 Quality Based Selection Process:

a. **Request for Proposals document**: prepare using the Bank's Standard Request for Proposals document;

b. **Proposal preparation period**: the Borrower shall allow sufficient time for the firms to prepare their Proposals depending on the nature and complexity of the assignment;

c. **Letter of invitation to submit Proposals**: the Borrower's shall issue the letter of invitation to submit Proposals along with the request for proposals document to all the Shortlisted firms;

d. **Clarifications and addenda**: shall meet the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents);

e. **Proposal Submission:** the Borrower shall choose between the following two (2) alternatives:

   i. the technical and financial Proposals shall be submitted at the same time in two (2) separate and sealed envelopes; or

   ii. only the technical Proposal shall be submitted and after evaluating the technical Proposals, the Borrower shall request the firm with the highest ranked technical Proposal to submit a detailed financial Proposal for negotiations;

f. **Technical Proposal opening:** in accordance with the requirements of Paragraphs 5.40 to 5.48 (Bid/Proposal Opening), as applicable, the Borrower shall conduct the opening of only the technical Proposals received by the deadline for the submission of Proposals;

g. **Evaluation of Technical Proposals:** the evaluation of the technical Proposals shall be in accordance with the evaluation criteria specified in the request for proposals document;

h. **Communications of Results:** the Borrower shall:

   i. notify the consulting firm that has the highest score for the technical Proposal as to when the financial Proposal shall be opened or when to submit the financial Proposal; and

   ii. simultaneously inform the other firms who submitted Proposals of their technical scores and that their technical Proposal has not been evaluated as the highest ranked;

i. **Financial Proposals Opening:** (if technical and financial Proposals have been submitted):

   i. Financial Proposals shall be opened as specified in Paragraph 5.40;

   ii. the Borrower shall conduct the opening of the financial Proposal of the consulting firm with the highest ranking technical Proposal in the presence of the firms who submitted Proposals and wish to attend; and

   iii. the Borrower shall prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consulting firms who submitted Proposals.

j. **Financial Proposals Opening** (if only technical Proposal was initially invited):

   i. Invitation to the highest technically evaluated firm to submit financial Proposals shall not be earlier than the period specified in Paragraph 5.40; and

   ii. Negotiate the financial Proposal submitted by the highest technically evaluated firm.

k. **Evaluation of Financial Proposals and Negotiations:** the Borrower shall evaluate the financial Proposal and negotiate the final contract;

l. **Notification of Intention to Award and Standstill Period:** as per Paragraphs 5.75 to 5.77 (Notification of Intention to Award);

m. **Award of Contract and Publication of Contract Award:** the Borrower shall publish the contract award information in its website of free access if available, or in at least one newspaper of national circulation in the Borrower's country, or in the official gazette, and on UNDB online, and inform directly to firms that submitted Proposals. The Borrower shall implement a Standstill Period in accordance with Paragraphs 5.78 to 5.80 (Standstill Period); and

n. **Debriefing:** as per Paragraphs 5.81 to 5.87 (Debriefing by the Borrower).

Annex XIII. Competitive Dialogue

1. Purpose

1.1 This Annex outlines the procedures commonly used for Competitive Dialogue. Each Competitive Dialogue needs to be carefully designed to maximize the effectiveness of the procedure. This may result in variations to the generic procedures described below. Competitive Dialogue uses the RFP Model 3 (Multi-stage Integrated), Standard Procurement Document described in Annex XII, Selection Methods. A summary of the process can be found in figure 1 of this annex.

2. Requirements

2.1 Competitive Dialogue is an interactive multistage selection arrangement that allows for dynamic engagement with Proposers. The Borrower shall justify the use of Competitive Dialogue in the Project Procurement Strategy for Development (PPSD). It may only be used for complex or innovative procurement.

2.2 Competitive Dialogue may be appropriate:

a. where a number of solutions that satisfy the Borrower's requirements may be possible, and where the detailed technical and commercial arrangements required to support those solutions require discussion and development between the parties; and

b. due to the nature and complexity of the procurement, the Borrower is not objectively able to:

i. adequately define the technical or performance specifications and scope to satisfy its requirements; and/or

ii. fully specify the legal and/or financial arrangements of the procurement.

2.3 In Competitive Dialogue, the Borrower enters into dialogue with Initially Selected firms/joint ventures, with the aim of better identifying and defining the means best suited to satisfy the Borrower's requirements before inviting the firms to submit their final Proposals.

3. Undertaking a Competitive Dialogue

3.1 To ensure transparency and accountability the Borrower shall identify an independent Probity Assurance Provider (Probity Auditor) acceptable to the Bank. The Probity Auditor shall be appointed at the beginning of the procurement and audit the process until the award of contract.

3.2 The Probity Auditor shall provide independent scrutiny of the procurement process, the procurement decision making process, the dialogue phase with each Proposer, and in particular the conduct of any BAFO or negotiations that take place. Following the Borrower's decision to award the contract, and before the Notice of Intention to Award the contract is transmitted, the Probity Auditor shall provide a probity report. The report shall be provided to the Borrower with a copy sent to the Bank.

3.3 The Competitive Dialogue procurement process normally includes several phases:

Phase 1: Initial Selection

Step 1: Issue initial selection document in accordance with to paragraph. 3.1 of Annex XII, Selection Methods.

Step 2: Receipt and public opening of Initial Selection Applications.

Step 3: Evaluation of Initial Selection Applications to identify the firms/joint ventures to be Initially Selected and invited to participate in the dialogue phase of the process.

The list of Initially Selected firms/joint ventures shall include a sufficient number, normally not less than three (3) and not exceeding six (6) (i.e. a range of 3 to 6). The Bank may agree to an Initial Selection list comprising a smaller number when enough qualified firms/joint ventures have not expressed interest in the contract. Normally this will be a sufficient number to ensure adequate competition throughout the dialogue process.

Phase 2: Request for Interim Proposals and Dialogue

Step 1: Issue request for proposals document in accordance with the Bank's Standard Procurement Document to the Initially Selected firms/joint ventures (Proposers). Normally a one-envelope process is used at this Phase. Clarifications and addenda may be made in accordance with the requirements of Paragraphs 5.31 and 5.32 (Clarification of Procurement Documents).

Step 2: Proposers submit Interim Proposals which provide solutions to the Borrower's problem definition or statement of need or business requirements as defined in the request for proposals document. Interim Proposals are opened at a public opening.

Step 3: The Borrower makes an initial assessment of the Interim Proposals against the evaluation criteria described in the request for proposals document.

Step 4: Parties enter into dialogue. This involves the Borrower holding separate, confidential bilateral dialogue meetings (rounds) with each Proposer to discuss all aspects of its Proposal. The dialogue meeting may focus on the solution, the commercial deal, the legal aspects and such other features the Borrower considers relevant.

The rounds of bilateral dialogue meetings can be repeated until the Borrower is satisfied that discussions have been exhausted. The Borrower should indicate in the request for proposals document the number of rounds of dialogue planned to take place.

A progressive elimination of Proposers may take place on the basis of the review of the initial solutions, and by applying the criteria and methodology specified in the request for proposals document.

The number of Proposals at the close of the dialogue phase should normally be not less than three (3).

Each Proposer shall be given an equal opportunity to participate in each dialogue round, unless they are eliminated from the process (as above).

Step 5: The Borrower may test the readiness of Proposers to submit compliant Final Proposals by requesting and assessing a 'Draft Final Proposal'. This is an initial version of the final Proposal. Once the Borrower is satisfied that at least one compliant final Proposal will be received, dialogue can be closed. Dialogue should continue if further work is required to produce at least one compliant final Proposal.

Step 6: Formal closure of the dialogue phase. The Borrower declares that the dialogue is closed. No further discussions are allowed after this closure.

The Borrower refines the problem definition or statement of need or business requirements and prepares addenda to the request for proposals document to convert it into the Phase 3 request for proposals document.

Phase 3: Request for Final Proposals

Step 1: Issue updated request for proposals document to the Proposers (that have not been eliminated in Phase 2), in accordance with the SPD. A two-envelope process is normally used at this Phase.

Step 2: Receipt and public opening of Final Proposals. Only the technical Proposals are opened at this time. Financial Proposals remain sealed.

Step 3: The Borrower evaluates technical Proposals against the evaluation criteria described in the request for proposals document. There should be no need to seek clarification with a Proposer. The dialogue phase has closed and no further discussions are allowed.

Step 4: The Borrower opens the financial Proposals in the presence of the Probity Auditor. This is not normally done in public. The Borrower evaluates financial Proposals against the evaluation criteria described in the request for proposals document.

Step 5: Once evaluation is completed, the Borrower selects the Most Advantageous Proposal for contract award according to the criteria specified in the request for proposals document.

Step 6: Once the Most Advantageous Proposal has been selected, the Borrower and the selected Proposer will finalize details of the solution. This process only allows for clarification and confirmation and does not permit any material deviation from the final Proposal that formed the basis of the Borrower's decision to select.

Step 7: At this step in the process the Probity Auditor shall prepare a probity report. The report will be provided to the Borrower and a copy sent to the Bank. To ensure transparency and accountability the Probity Auditor's report shall be sent by the Borrower to all Proposers, who were involved in the dialogue stages, (after excluding all confidential information), and published on the Borrower's website. This shall be done at the same time as transmission of the Notice of Intention to Award the contract.

Step 8 Notification of Intention to Award and Standstill Period: The Borrower transmits its Notice of Intention to Award the Contract to the Proposers. This initiates the Standstill Period. Where applicable, the Borrower provides debriefs and manages any complaints received that relate to the decision to award the contract.

Step 9: The Borrower shall publish the Contract Award Notice following expiry of the Standstill Period. In awarding the contract and publishing the Contract Award Notice the Borrower shall meet the requirements of Paragraphs 5.88 to 5.92 (Conclusion of the Standstill Period and Contract Award), and Paragraphs 5.93 to 5.95 (Contract Award Notice).

4. Dialogue Procedures and Considerations

4.1 The dialogue consists of confidential clarification meetings with the Initially Selected Proposers to discuss all aspects of the Proposal submitted including the details of the solution, the commercial deal, price, the legal aspects and such other features the Borrower considers relevant. The procedures and considerations include:

a. The invitation to participate in the dialogue phase restates the needs and requirements, describes the dialogue process, and sets out the award criteria for the final Proposal;

b. The objective of the dialogue meetings is for the Borrower to engage in a clarification process with each Proposer to identify appropriate technical aspects and/or commercial terms and conditions. The outcome of the dialogue meetings may be incorporated in addenda to the request for proposals document to be issued for the final submission;

c. Interim Proposals: to confirm and test each Proposer's understanding of the Borrower's problem definition or statement of need or business requirements (as defined in the request for proposals document), and to fine-tune the Proposal or Phase 3 request for proposals document;

d. The number of meetings with each Proposer is determined by the Borrower on the basis of its need to clarify information included in each Proposal. The Borrower shall determine whether or not further meetings are necessary with a Proposer and communicate this decision to the Proposer;

e. The Borrower shall not provide information in a discriminatory manner which may give some Proposers an advantage over others;

f. Proposers shall identify and agree with the Borrower which part/s of their Proposal are specific to them and have to be treated as commercially confidential;

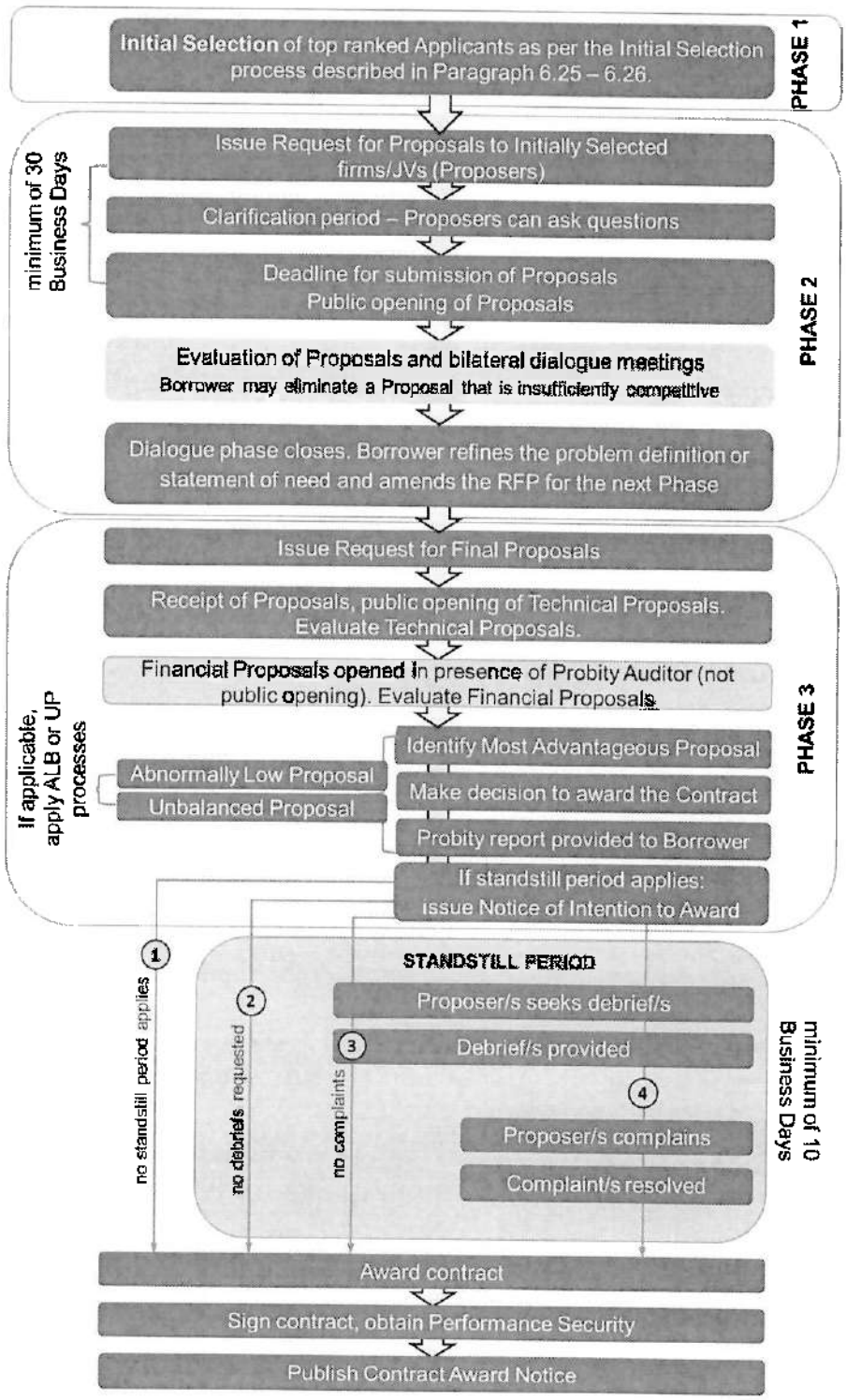
g. The Borrower shall not disclose to other Proposers the solutions proposed or any commercially confidential information communicated by a Proposer in its Proposal and as disclosed during the dialogue phase without that Proposer's prior written consent;

h. The Borrower shall not use a Proposer's commercially confidential information to enhance other Proposals;

i. The dialogue meetings shall be attended by a Probity Auditor selected by the Borrower and acceptable to the Bank to ensure that a competitive process takes place and that no undue advantage is given to any of the firms/joint-ventures as result of these meetings; and

j. The Borrower shall prepare confidential minutes of the dialogue meetings it has with each Proposer which shall be communicated to the respective Proposer as part of the invitation to submit final Proposals. The minutes shall not form part of the final request for proposals document.

Figure 1: Process flow chart: RFP Model 3: Competitive Dialogue



Annex XIV. Public-Private Partnerships

1. Purpose

1.1 This Annex outlines the requirements to be met by Borrowers in selecting the private partner in public-private partnership (PPP) arrangements financed by the Bank.

2. Requirements

2.1 In a PPP arrangement, the Borrower undertakes the following project phases:

a. project assessment;

b. project structuring;

c. selection of the private partner; and

d. contract management.

2.2 The Borrower shall demonstrate that there is adequate institutional capacity to prepare, structure, procure and manage the PPP project.

3. Project Assessment: Business Case and Feasibility Requirements

Identification

3.1 The proposed PPP component of the project should have been identified as a priority public investment project and/or derived from an approved national infrastructure plan/sector program.

Feasibility Considerations

3.2 The Borrower shall have conducted suitable economic and financial analysis to confirm:

a. whether the underlying project is adequately justified, on the basis of a sound and quantified economic analysis the project presents best VfM, i.e., is cost-benefit justified, and the approach to delivering the benefits, considering the relevant technical, legal, financial and environmental constraints, irrespective of implementation as a PPP or through other public sector procurement;

b. whether the project's overall revenue requirements are within the capacity of users, the public authority, or both, to pay for the infrastructure service;

c. that the project risks were identified and assessed and that mitigation measures were considered, and that the residual fiscal risk will not jeopardize fiscal sustainability;

d. that the chosen PPP scheme (i.e., risk-allocation matrix, pay and performance mechanism) resulted from the consideration of alternative PPP schemes and other procurement options; and

e. the commercial viability, that is, whether the project is likely to be able to attract good-quality sponsors and lenders by providing robust and reasonable financial returns.

3.3 The Borrower shall ensure the information above is available to enable an independent review and third party assurance of the inputs, assumptions and results.

4. Project structuring: PPP Structure Requirements

Output Specification

4.1 The Borrower shall ensure that output requirements are included and the output specifications include:

a. clear performance targets and output requirements that are specific, measurable, achievable, realistic, and time bound;

b. how performance will be monitored, including roles for the government's contract management team, the private partner, external monitors, regulators, and users; and

c. the consequences for failure to reach the required performance targets, clearly specified and enforceable.

Risk Allocation

4.2 Based on the contractual provisions, a risk matrix shall be presented by the Borrower to the Bank, exhaustively listing project risks and their appropriate allocation to the contractual parties or to third parties are made efficiently.

Performance Payment Mechanism

4.3 The Borrower shall develop a payment and performance mechanism that sets out the principle of performance-based payments upon meeting the provision of contractual assets and service at the agreed service level and service schedule.

5. Selection of the Private Partner

5.1 Open competition is the Bank's preferred procurement approach. Exceptionally, the Bank may agree to a non-competitive selection process. The Borrower selects the private partner according to the requirements set out in Paragraph 6.43.

5.2 PPP activities whose procurement processes have been initiated or contracts have been awarded may be financed by the Bank, if the Bank is satisfied with the project justification, feasibility, PPP structure requirements, contract arrangements and the consistency of the selection process for the private partner with the Bank's Core Procurement Principles and Sections I, II and III of these Procurement Regulations, and the compliance with the Bank's Anti-corruption Guidelines.

Unsolicited Proposals

5.3 The Bank may agree to finance PPP projects initiated from unsolicited proposals. In all instances of unsolicited proposals, the process to assess and determine the best fit-for-purpose and VfM approach to awarding a contract initiated by an unsolicited proposal shall be clearly defined by the Borrower.

5.4 When an unsolicited proposal is subjected to a competitive selection process, the Borrower may use one of the following approaches in allowing the firm that submitted the unsolicited proposal to participate in the process:

a. The Borrower grants no advantage to the firm in the process. The Borrower may separately compensate the firm if permitted under Borrower's applicable regulatory framework; or

b. The firm is granted an advantage in the selection process, such as a point bonus in the evaluation or a guaranteed access to the second stage of a two-stage process. This advantage shall be disclosed in the request for bids/ request for proposals document and defined in such a way that it does not prevent effective competition.

6. Contract Management

6.1 The Bank requires that the Borrower submit a Contract Management Plan. For details see Annex XI, Contract Management.

Annex XV. Framework Agreements

1. Purpose

1.1 This Annex supplements the provisions of Paragraphs 6.57 to 6.59 (FA for Goods, Works and Non-consulting Services), Paragraph 7.33 (FA for Consulting Services), and describes the minimum requirements for establishing a FA for contracts financed by the Bank through IPF.

2. Requirements

2.1 A Borrower may establish a FA with firms that are capable of delivering specified Goods, Works, Non-Consulting Services and/or Consulting Services agreeing, in advance, the applicable terms and conditions. These usually include the fees, charge rate or pricing mechanism.

2.2 FAs may be pre-existing to an IPF operation or newly established under an IPF operation. To be used for an IPF operation:

a. Pre-Existing: the Bank shall be satisfied a pre-existing Borrower's FA is consistent with the Bank's Core Procurement Principles; or

b. New: a new FA established by the Borrower shall meet the requirements of these Procurement Regulations.

2.3 Firms awarded a FA (FA firms) have no guarantee of any call-off contracts. The number of firms awarded FAs should be proportionate to the anticipated demand. This allows all FA firms an opportunity to be awarded a call-off contract.

3. Parties

3.1 A FA can be concluded with a single provider or with several providers, for the same Goods, Works, Non-consulting Services, or Consulting Services. The Borrower shall decide on the appropriate strategy based on the market conditions and its requirements.

3.2 FAs shall only be used between the Borrower's procuring entity/s and the FA firm/s. When several procuring entities establish a FA together, a lead entity is appointed to act on behalf of the group of entities. Each entity in the group is identified in the request for bids/request for proposals documents at the time of going to market. Each individual procuring entity shall be specified in each call-off contract.

4. Establishing the FA

4.1 In order to establish a FA, the Borrower shall use open competitive procurement with appropriate request for bids/request for proposals documents. Once a FA is established, the Borrower does not need to openly advertise individual contract opportunities to be awarded as call-offs.

4.2 The additional information in the request for bids/request for proposals documents shall include as a minimum:

a. a description of the Goods, Works, Non-consulting Services or Consulting Services that the FA is intended to cover;

b. an estimate of the total volume/scope of the Goods, Works, Non-consulting Services or Consulting Services for which call-off contracts may be placed and, as far as possible, the volume/scope and frequency of the call-off contracts to be awarded under the FA;

c. qualification and evaluation criteria and, evaluation methodology;

d. the terms and conditions of contract that will apply to call-offs under the FA, which shall include the following information:

   i. a statement that the fees, charge rate or pricing mechanism, and any other associated costs shall be agreed with each firm, and be valid for the term of the FA;

   ii. a statement that explains that the Borrower will engage FA firms as required, through call-off contracts;

   iii. a statement that the FA is:

      - a closed panel (which should normally be the case), and the constitution of the panel shall remain unchanged during the term of the FA (other than firms being removed from the panel, no additional or replacement firms may be added); or

      - an open panel and an outline of the process for selection;

   iv. a statement that there is no guarantee of being awarded a call-off contract, and no commitment will be made with regard to possible volume of Goods, Works, Non-consulting Services, or Consulting Services;

   v. a statement that the FA is not an exclusive agreement and that the Borrower reserves the right to procure the same or similar Goods, Works, Non-consulting Services, or Consulting Services from non-FA firms;

   vi. a description of the circumstances that may lead to a firm being removed from the FA, and the process to be used in securing the removal;

e. the secondary procurement method or methods the Borrower shall use to select a firm (the call-off process);

f. the contractual method the Borrower will use to secure the call-off contract (for example, a statement of work or purchase order); and

g. the duration of the FA, including any option to extend. FAs shall be established for a maximum period of three (3) years, with the option to extend by up to a further two (2) years, if the initial engagement has been satisfactory.

4.3 The Borrower shall issue a Notification of Intention to conclude a FA (in conformance with Paragraphs 5.72 to 5.77 (Notification of Intention to Award), and a Standstill Period shall apply at the time when the FA is established. A public notice of the conclusion of the FA shall be published when the FA is established, as per Paragraphs 5.93 to 5.95 (Contract Award Notice). This shall list the names of all firms that have been included in the FA.

5. Call-off Contracts