

# Productive Partnerships In Agriculture (PPAP) PROJECT IMPLEMENTATION MANUAL

## Section 5 – Procurement Manual

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## Abbreviations

<b>Abbreviation</b>	<b>Description</b>
Bank	World Bank
BOQ	Bill of Quantities
CEO	Chief Executive Officer
CIC	Coffee Industry Corporation
CQS	Consultants Qualifications' Selection
CSTB	Central Supply and Tenders Board
dgMarket	Development Gateway Market
DAL	National Department of Agriculture and Livestock
EOI	Expression of Interest
GoPNG	Government of Papua New Guinea
GPN	General procurement notice
IDA	International Development Association
ITB	Invitation to bid
ITQ	Invitation to quote
LCS	Least Cost Selection
LOI	Letter of intent
MoF	Ministry of Finance
NCB	National Competitive Bidding
PCU	Project Coordination Unit
PGK	Papua New Guinea Kina
PMU	Project Management Unit
PNG	Papua New Guinea
PTB	Provincial Tender Board
QCBS	Quality and Cost Based Selection
RFP	Request for proposal
SBD	Standard Bidding Document
SPO	Senior Procurement Officer
SPN	Specific Procurement Notice
TEC	Tender Evaluation Committee
TOR	Terms of Reference
UNDB	United Nations Development Bank
US\$	United States Dollar

## Introduction

### Procurement Manual Objectives

The Procurement Manual is section 5 of the PPAP Project Implementation Manual. The objective of this manual is to give the PPAP Implementing Agencies, including the National Department of Agriculture and Livestock (DAL), the Coffee Industry Corporation (CIC) and the Cocoa Board, instructions and procedures consistent with the World Bank (Bank) Guidelines.

This manual covers all procurement under the PPAP irrespective of the source of funding.

### Procurement Principles

Procurement for the proposed project will be carried out in accordance with the Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004, revised October 2006 and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the relevant Financing Agreement.

All procurement should comply with the approved Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

The responsibility for the implementation of the project, and therefore for the award and administration of contracts under the project, rests with the Implementing Agencies<sup>1</sup> supported by the industry based Project Management Units (PMU) and the Project Coordinating Unit (PCU) located in the National Department of Agriculture and Livestock (NDAL). The objective of the procurement activities is to ensure all projects funds are used for the purpose they were intended and all procurement is completed in an efficient manner. Procurement should consider:

- The need for economy and efficiency in the implementation of the project, including the procurement of the goods and works involved;
- Giving all eligible bidders equal opportunity to compete;
- The development of domestic contracting and manufacturing industries in PNG; and
- The importance of transparency in the procurement process.

Open competition is the basis for efficient public procurement. Procurement should be performed in a manner to ensure all procured items:

- Are of satisfactory quality and are compatible with the requirements of the project;
- Will be delivered or completed in timely fashion; and
- Are priced so as not to affect adversely the economic and financial viability of the project.

### Project Procurement Policy

The PPAP is financed by the Bank through the Financing Agreement and other donors through relevant agreements. The Financing Agreement includes the condition that all procurement activities within the scope of the Project shall comply entirely with the Bank's Guidelines and recommended procedures. The PPAP Procurement Policy and Guidelines were designed in accordance with the

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<sup>1</sup> The Implementing Agency in the coffee and cocoa sectors are the Coffee Industry Corporation and PNG Cocoa Board respectively.

Bank's guidelines and are summarised below. The main considerations in the PPAP Procurement Policy are:

For works:

- To deliver high quality infrastructure;
- To provide economy and efficiency;
- To give qualified contractors, from all eligible countries, the opportunity to compete;
- To encourage the growth of Papua New Guinea (PNG) construction contractors; and
- To ensure transparency in the selection process.

For goods:

- To provide economy and efficiency during implementation, including the procurement of goods and services involved;
- To give all eligible bidders from developed and developing countries an opportunity to compete in providing goods;
- To encourage the development of Papua New Guinean suppliers and the growth of manufacturing industries; and
- To ensure transparency in the procurement process.

For consultants:

- To provide high-quality services,
- To provide economy and efficiency,
- To give qualified consultants, from all eligible countries, the opportunity to compete in providing services,
- To encourage the growth and use of developing country consultants; and
- To ensure transparency in the selection process.

## Organisation of the Procurement Function

### Organisation Structure

The main persons responsible for procurement are as follows.

#### Chief Executive Officer of Implementing Agency

The Chief Executive Officer (CEO) of the Implementing Agency, or in the case of the DAL the Secretary, will on behalf of the GoPNG award all contracts where the contract value is less than PGK300,000.

#### Project Coordinator

The Project Coordinator (PC) will supervise the procurement undertaken by the Project Coordination Unit (PCU) with guidance from the Procurement Advisor as needed. The Project Coordinator will:

- Prepare consolidated procurement plans based on the industry level procurement plans prepared by the PMUs;
- Monitor implementation to ensure compliance with the Procurement Manual; Report procurement progress six-monthly and prepare a consolidated procurement plan for the next year;
- Support and advise the industry based SPOs in the planning and implementing of procurement in their respective industries; and
- Liaise with the Central Supply and Tender Board (CSTB) on procurement matters as relevant.

The PC will be supported in this role by the Procurement Advisor and the SPOs in the industry based PMUs. The Project Coordinator is located in the PCU in the Port Moresby headquarters of the DAL.

#### Senior Procurement Officers

The Senior Procurement Officers (SPOs) are primarily responsible for the procurement function. The SPOs will be located in the industry level PMUs located in the CIC and Cocoa Board. The CIC PMU will be located in Goroka, Eastern Highlands Province and Cocoa Board PMU is located in Kokopo, East New Britain Province. The SPO in each PMU will be supported by operational and technical staff. The operational and technical staff will assist in the preparation of bid documents and provide technical advice during the Expression of Interest (EOI) and bid evaluation stage. The main areas of responsibility of the SPOs are as follows (full TORs for these positions are presented in section 1 of the PIM):

- Ensure that the relevant technical specialists prepare the key elements of terms of reference for consulting services and training to be procured;
- Ensure that the relevant technical specialists prepare technical specifications for goods and bills of quantities for civil works to be procured;
- Participate in the evaluation committees, working in compliance with the applicable procurement guidelines;
- Prepare bidding documents in collaboration with technical specialists;
- Prepare updated Procurement Plans in collaboration with the PMU Project Manager;

- Provide technical support to the Chief Executive Office (CEO) of the relevant industry organisation who will execute the procurement contracts on behalf of the GoPNG;
- Liaise with the Procurement Advisor on procurement planning and implementation;
- Consult with the Procurement Advisor on matters concerning the tendering agency; and
- Ensure compliance with relevant procurement procedures and guidelines.

## **Tendering Agencies**

The CSTB will manage the tenders from the Cocoa Board, CIC and DAL where the value of the contracts exceeds PGK300,000. The CSTB procedures and guidelines specify the documentation which needs to be submitted by the Implementing Agencies. The contract values are expected to be less than PGK3 million.

The CSTB will review bidding documents, manage the advertising, receiving and opening bids, evaluation and award tenders when the contract value exceeds PGK300,000.

The respective industry based Implementing Agencies will manage the tenders and award contracts when the contract value is less than PGK300,000. The Project Manager in each PMU, with guidance from the Procurement Advisor, will ensure that adequate processes and arrangements are in place in each PMU for the proper execution of procurement functions (e.g. use of tender boxes and safes, etc).

## **Procurement Planning**

### **Procurement Plan**

The procurement methods (or consultant selection methods), the need for pre-qualification, prior review requirements are detailed in this Procurement Manual. A Procurement Plan for the first eighteen months of the project was developed and agreed with the GoPNG as part of the project preparation activities. The Procurement Plan contains in addition to the basis of procurement and package details the timeframe and cost estimate for implementation and details of all procurement to be performed.

The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacities. The updates of the Procurement Plan will be based and clearly linked to the annual program of activities. The PMUs will develop industry based Procurement Plans and forward these to the PCU for consolidation into a project Procurement Plan for the respective period. Responsibility for the regular updates of the Procurement Plan rests with the SPOs, who will regularly and proactively consult with PMU staff and the PM. The PC in the PCU will monitor overall progress with the implementation of procurement activities with support from the Procurement Advisor. Updates to the Procurement Plan need to be submitted to the World Bank (IDA) for its no objection.

### **Preparation of Bidding Documents**

The technical specifications, terms of reference and bills of quantities are used to define the procured items. These are normally prepared by relevant technical specialists employed by the Implementing Agency. The relevant SPOs will manage the preparation of bid invitation documents and contract documents. The SPO will ensure the documents comply with the Project Procurement Manual and the approved Procurement Plan.

## Advertising

### General procurement notice (GPN)

For timely notification to the business community about bidding opportunities under the Project, a General Procurement Notice (GNP), will be advertised by DAL in the United Nations Development Business (UNDB) online and the Development Gateway Market (dgMarket), as well as in one national paper, as soon as the Credit Agreements have been executed (signed).

### Specific procurement notice (SPN) for goods and works and expression of interest (EOI) for consulting services

A SPN shall be placed in the local press as part of the procurement of Goods and Works through National Competitive Bidding when the value of contracts is expected to exceed US\$50,000. A Request for Expressions of Interest (EOI) shall be placed in the local press and in the UNDB/dgMarket when procuring consulting services for firms. The advertisement must be provided so a minimum tender submission period detailed in Section 3 is provided. To ensure that local suppliers, contractors and consultants are adequately informed of procurement opportunities under PPAP, use will also be made of: (i) radio and (ii) Provincial Government and community notice boards.

In other forms of procurement to be performed under this project, such as Direct Contracting and shopping, there is no requirement to advertise as part of the procurement process.

## Reporting

In addition to the provision of Procurement Plans as detailed in Section 2.2.1 a Six Monthly Procurement Report shall be provided. The Procurement Report shall be prepared by the SPOs with guidance from the Procurement Advisor. The Report shall contain the following information:

- Procurement progress with information on procurement completed. Actual progress will be compared with the planned activities provided in the Procurement Plan;

- Details of problems and issues arising in relation to procurement and the action taken in response to these problems and issues; and

- Information on the activities of the Procurement Advisor (e.g. training carried out).

## **Procurement of Works, Goods and Consultant Services**

### **Procurement Methods for Works**

Due to the value of the individual packages of procurement it is not expected that any works or goods will be procured using International Competitive Bidding. In accordance with the PPAP Financing Agreement procurement of works will be carried out through the following methods.

#### **National Competitive Bidding (NCB) - Works**

Contracts for Works estimated to cost US\$500,000 or less but more than US\$50,000 will be procured under NCB. Those contracts would be used for rehabilitating transport infrastructure and constructing or rehabilitating offices and other buildings. The estimated aggregate amount under this method is US\$14 million.

#### **Shopping - Works**

Contracts for Works estimated to cost less than US\$50,000 are expected to be procured under Shopping and would be applied for rehabilitating buildings and facilities and minor market access infrastructure. The estimated aggregate amount under this method is US\$ 50,000.

### **Procurement Process for Works**

A flowchart of the principal implementation steps in each procurement process for works is provided in Figure 3-1.



3. **Quantification of the works:** The quantity of work items to be completed will be detailed in the Bill of Quantities (BOQ). The BOQ should include all work items the Contractor must undertake to complete the scope of works. The BOQ will be prepared by technical specialists.
4. **Pre-tender construction cost estimate:** A pre-tender construction cost estimate will be prepared by the technical specialists based on the documented scope of works using the BOQ items and anticipated cost rates.
5. **Preparation of bidding documents:** Bidding documents will be prepared by the PMU. Bidding documents shall contain the following information and comprise the following sections<sup>2</sup>:
  - Invitation to bid including the basis for bid evaluation;
  - Instruction to bidders;
  - Form of bid;
  - Form of contract;
  - Conditions of contract, General and Special;
  - Specifications;
  - Description of scope of works including drawings;
  - Relevant technical information, if necessary;
  - Bill of quantities;
  - Duration of contract; and
  - Formats of necessary securities.

**Approval of bidding documents by the Tendering Agency and the Bank:** When the value of a contract will exceed PGK300,000 a complete set of bidding documents will be forwarded to the CSTB for their approval before tenders are invited. The PMU will also provide to the CSTB at this time the proposed composition of the Tender Evaluation Committee (TEC). Resumes of all members of the TEC will be provided. The CSTB will review the competency of the proposed TEC members and advise their approval or request certain members be replaced. The TEC will comprise at least three members. When the value of the contract is less than PGK300,000 the relevant Office will review and approve the bidding documents. Prior review of the documents and no objection will also be sought from the Bank when the value of contracts exceeds US\$100,000.

**Advertising:** A Specific Procurement Notice (SPN) shall be prepared for distribution through the local press (at minimum, and supplemented whenever possible by additional advertising as described in section 2.3 - Advertising). The advertisements should not include an estimate of the cost of the works. Publication of the SPN will be timed to give sufficient time for prospective bidders to obtain bidding documents and prepare and submit their responses. A minimum of three to four weeks is usually considered reasonable for smaller contracts (under PGK300,000) and four to five weeks for larger contracts. When the value of the contract exceeds PGK300,000 the CSTB will place the advertisement in the local press. When the value of the contract is less than PGK300,000 the Implementing Agency will place the advertisement in the local press.

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<sup>2</sup> Standard bidding documents acceptable to IDA can be obtained from the World Bank website [www.worldbank.org](http://www.worldbank.org)

**Distribution of bidding documents and processing tender queries:** When the value of contract exceeds PGK300,000 the Tendering Agency will be the CSTB. When the value of contract is less than PGK300,000 the Tendering Agency will be the Implementing Agency. On receipt of "no-objection" from the Bank the Tendering Agency will distribute all bidding documents and be the point of contact with bidders until the contract is awarded. The Tendering Agency will collect and retain all tender deposits. The CSTB will receive all tender queries from prospective bidders and forward them to the PMU for a response. The tender period shall be at least six weeks

**Opening of Tenders:** All bids will be opened by the Tendering Agency at the deadline for submitting bids at the location and time notified in the invitation to bid section of the bidding documents. Bids shall be opened in public. The name of the bidder and total amount of each bid submitted, including alternatives, and the details of the tender security provided, shall be read aloud and recorded in the Minutes of Tender Opening. A copy of this record shall be promptly sent to the PMU and all companies that submitted a bid in time. All bids received after the time stipulated shall be rejected and returned unopened.

**Tender evaluation:** The Tendering Agency will perforate, stamp or initial each page of all bids and forward all copies of the bids to the TEC for evaluation. All requests for clarification and the bidders' responses will be made in writing. The TEC and bidders will forward all requests and responses through the Tendering Agency.

After the public opening of bids, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of the award. The TEC shall ascertain whether the bids (a) meet the qualification eligibility requirements, (b) have been properly signed, (c) are accompanied by the required securities, (d) are substantially responsive to the bidding documents, and (e) are otherwise generally in order. If a bid is not substantially responsive - that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding documents - it shall not be considered further. The bidder shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

The purpose of bid evaluation is to determine the cost to the Employer of each bid in a manner that permits a comparison on the basis of their evaluated cost. Subject to the bidder fulfilling the qualification criteria, the bid with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be selected for award. The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors. Also, for the purpose of evaluation, adjustments shall be made for any quantifiable nonmaterial deviations or reservations.

The TEC shall prepare and submit to the Tendering Agency a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract.

**Tender award and publication:** The Tendering Agency within the period of validity of bids will either award the contract in accordance with the TEC recommendations if they feel procurement procedures have been complied with and qualification issues have been adequately considered. Alternatively the Tendering Agency can seek clarification from the TEC to aspects of their report. When the value of the contract is expected to exceed K300,000 the Tendering Agency will forward the documents to the State Solicitor's office for the issuance of a letter of legal correctness. If the contract value exceeds US\$100,000 after bids have been received and evaluated, the PMU shall, before a final decision on the award is

made, furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Financing Agreement and/or the Procurement Plan, promptly inform the Implementing Agency and state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for contract award. The Tendering Agency shall award the contract only after receiving the “no objection” from the Bank. Within two weeks of receiving the Bank’s “no objection” to the recommendation of contract award, the Tendering Agency shall advise all tenderers of the result of the tender. The Tendering Agency will also proceed with the Publication of Contract Award and gazetting for all contracts above PGK300,000. CSTB will advertise the information on their website.

**Preparation of Conformed Contract:** The PMU shall prepare a Conformed Contract in accordance with the terms of the award as approved by the Bank and Tendering Agency. For contracts above US\$ 100,000 the no objection of the Bank on the draft contract is required before signature. The Conformed Contract will then be provided to the Tendering Agency for execution. One signed copy of the contract will be furnished to the Bank promptly after its execution and prior to delivery to the Bank of the first Withdrawal Application in respect of such contract.

## Shopping - Works

The following procedure will be followed when procuring civil works through Shopping.

**Scope and specify the works:** The scope of work will be identified by a person appointed by the Project Manager with assistance from the SPOs. The Works will be scoped within the constraints of the cost budget provided in the approved Procurement Plan.

**Request for quotes:** Requests for quotations may be by letter, fax, telex, electronic messaging, etc., (with proof of receipt and record keeping). The request should include the description of the works, as well as the required delivery time. The request should indicate the date by which the quotations are needed. Prior review will be sought from the Bank for the first three contracts. A template for a request for quotation is provided in Appendix 1.

**Distribution of request for quotes and processing queries:** The Project Manager, acting on behalf of the CEO of the Implementing Agency, will distribute all request-for-quotes documents and be the point of contact with the Contractor until the contract is awarded. The Project Manager will receive and record all queries from the Contractors and their responses. At least three valid quotes shall be received before quotes are evaluated.

**Submission of quotes:** Contractors may submit their quotations in writing, i.e., by fax, telex, letter, or electronic messaging (copies to be kept for the records). No bid or performance securities are required. There is no requirement for strict time and date for submission of quotations and for public opening, but normally requests for quotes indicate the expected date of submission of quotes, within three weeks of the initial request. In other cases, if the PMU has not received at least three quotations within the time set, it verifies with the missing Contractors whether they intend to do so and how soon. Unless there is extreme urgency or there are already three or more quotations available, the PMU may give a reasonable amount of additional time, for instance three more days, to get additional quotations. At this point the PMU may proceed with the comparison of the proposals received.

**Comparison of quotations:** Quotations are compared after checking there are no tags or conditions attached to the quote. Generally the lowest priced offer is selected. The PMU may exercise discretion in selecting a quotation that is not the lowest priced, as far as there is a good justification. For example, if the lowest priced contractor is busy or has resource constraints. After selecting a preferred quote the PMU will forward all documentation to the CEO of the Implementing Agency for his review and endorsement of the decision.

In relation to the first three contracts awarded using this method of procurement after quotes have been received and evaluated, the PMU shall, before a final decision on the award is made, furnish to the Bank in sufficient time for its review a detailed report on the evaluation and comparison of the quotes received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Financing Agreement and/or the Procurement Plan, promptly inform the Implementing Agency and state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for contract award. The Implementing Agency shall award the contract only after receiving the “no objection” from the Bank.

**Record of award:** The Procurement Specialist will document the award decision and its rationale and retain all documents for review and audit by the Bank, as needed. The record should contain the list of firms invited and the list and value of the quotations received and documents clearly that the award is based on sound economic criteria. One signed copy of the contract will be furnished to the Bank promptly after its execution and prior to delivery to the Bank of the first Withdrawal Application in respect of such contract.

## Procurement Methods for Goods

In accordance with the PPAP Financing Agreement procurement of goods will be carried out through the following methods.

### National Competitive Bidding - Goods

Contracts estimated to cost US\$500,000 or less but more than US\$50,000 will be procured under NCB. Those contracts would be adopted for items such as motor vehicles. The estimated aggregate amount under this method is US\$0.23 million.

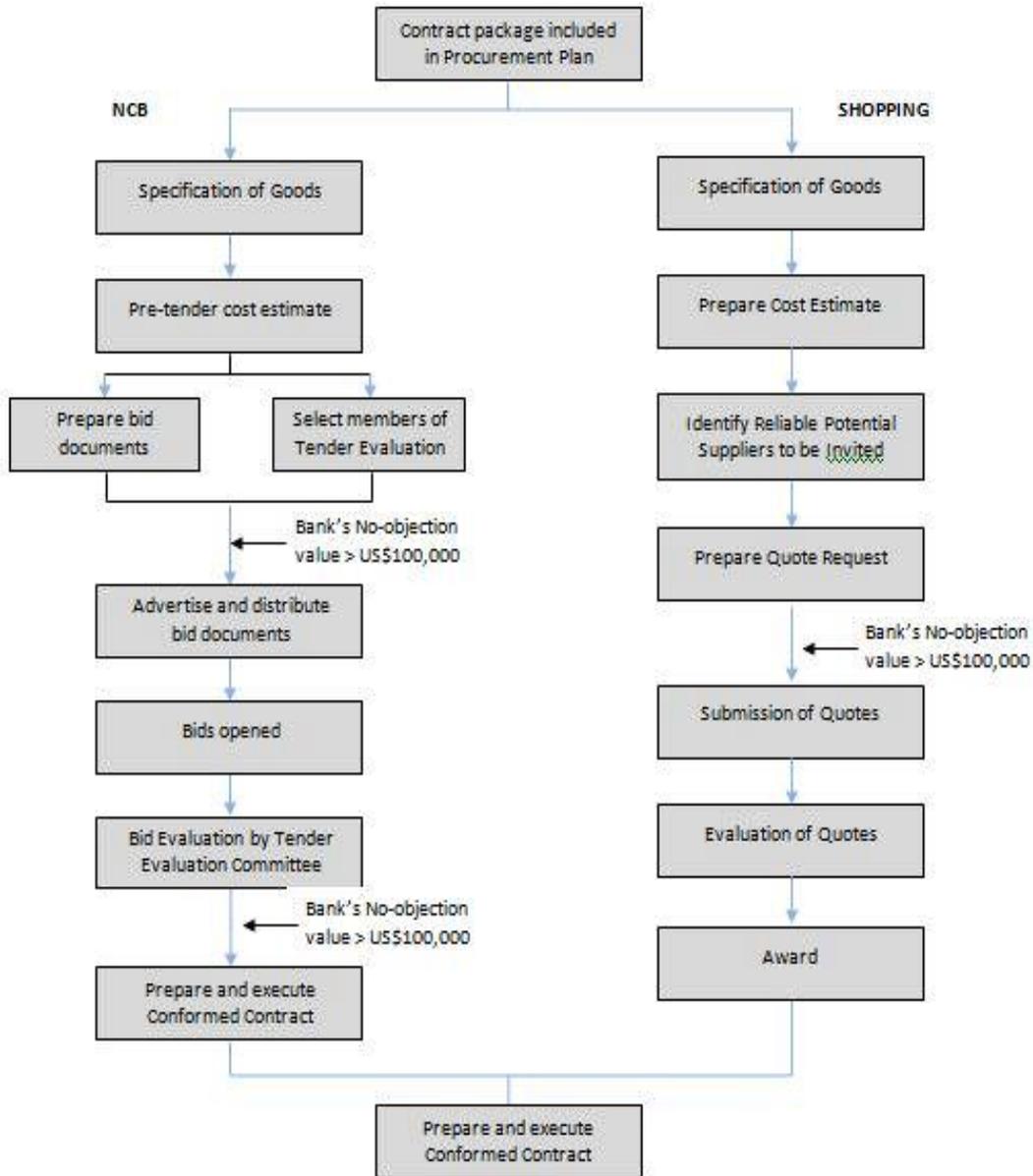
### Shopping-Goods

Contracts estimated to cost less than US\$50,000, such as motor vehicles, computer hardware and software, office equipment and furniture will be procured through Shopping. The estimated cost of goods to be procured through this method is US\$0.14 million.

## Procurement Process for Goods

A flowchart of the principal implementation steps in each procurement process for Goods is provided in Figure 3-2.

Figure 0-2 Implementation steps for the procurement of goods



### National Competitive Bidding - Goods

The following procedures for the procurement of goods using national competitive bidding shall be employed.

- 6. Specification of Goods:** The specification of goods shall be prepared by a person appointed by the Project Manager with assistance from the SPOs. The specification will include the technical specification of the goods, delivery location and timing and any post delivery assistance or service including the need for spare parts. The specification should not include brand names and should allow the maximum number of suppliers as possible to bid.

7. **Pre-tender cost estimate:** A pre-tender procurement cost estimate based on the specification and quantity of goods to be procured will be prepared by the person who prepared the goods' specification.
8. **Preparation of bidding documents:** The bidding documents will be prepared by the SPO<sup>3</sup>.
  - Invitation to bid including the basis for bid evaluation;
  - Instruction to bidders;
  - Form of bid;
  - Form of contract;
  - Conditions of contract, General and Special;
  - Specifications;
  - Relevant technical information, if necessary; and
  - Formats of necessary securities.

**Preparation of advertising material:** The following advertisements shall be prepared by the SPO for distribution by the Tendering Agency. Where the contract value exceeds PGK300,000 the Tendering Agency will be the CSTB. Where the contract value is less than PGK300,000 the Tendering Agency will be the Implementing Agency. The advertisements should not include an estimate of the cost of the works. A SPN for publication in the local press will be prepared by the person who prepared the specification with assistance from the SPO (at minimum, and whenever possible be supplemented by other forms of advertising at the local level). Publication of the SPN will be timed to give sufficient time for prospective bidders to obtain bidding documents and prepare and submit their responses. A minimum of three to four weeks is usually considered reasonable for smaller contracts (under PGK300,000) and four to five weeks for larger contracts.

**Approval of bidding documents by the Tendering Agency:** A complete set of bidding documents will be forwarded to the Tendering Agency for their approval before tenders are invited. Any changes requested by the Tendering Agency that are consistent with the Bank's requirements will be actioned. The PMU will also provide to the Tendering Agency at this time the proposed composition of the TEC. Resumes of all members of the TEC will be provided. The Tendering Agency will review the competency of the proposed TEC members and advise their approval or request certain members be replaced. The TEC will comprise at least three members.

**Approval of bidding documents by the Bank:** The SPO will, before bids are invited, forward to the Bank for their approval a complete set of bidding documents and details of the advertising procedure and documents. Any changes requested by the Bank will be actioned. Prior review will be sought from the Bank when the value of the contract is expected to exceed US\$100,000.

**Distribution of bidding documents and processing tender queries:** The Tendering Agency will distribute all bidding documents and be the point of contact with bidders until the contract is awarded. The Tendering Agency will collect and retain all tender deposits. The Tendering Agency will receive all tender queries from prospective bidders and forward them to the PMU

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<sup>3</sup> Standard bidding documents acceptable to IDA can be found on the World Bank website

for a response. All tender query responses will be forwarded through the Tendering Agency. The tender period shall be at least four weeks.

**Opening of Tenders:** All tenders will be lodged with the Tendering Agency. All bids will be opened at the deadline for submitting bids at the location notified in the invitation to bid section of the bidding documents. Bids shall be opened in public. The name of the bidder and total amount of each bid submitted, including alternatives, and the details of the tender security provided, shall be read aloud and recorded in the Minutes of Tender Opening. A copy of this record shall be promptly sent to the Bank and all companies that submitted a bid in time. All bids received after the time stipulated shall be rejected and returned unopened.

**Tender evaluation:** The Tendering Agency will perforate, stamp or initial each page of all bids and forward all copies of the bids to the TEC for evaluation. All requests for clarification and the bidders' responses will be made in writing. The TEC and bidders will forward all requests and responses through the Tendering Agency.

After the public opening of bids, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of the award. The TEC shall ascertain whether the bids (a) meet the qualification eligibility requirements, (b) have been properly signed, (c) are accompanied by the required securities, (d) are substantially responsive to the bidding documents, and (v) are otherwise generally in order. If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding documents, it shall not be considered further. The bidder shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

The purpose of bid evaluation is to determine the cost to the Borrower of each bid in a manner that permits a comparison on the basis of their evaluated cost. Subject to the bidder fulfilling the qualification criteria, the bid with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be selected for award. The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors. Also, for the purpose of evaluation, adjustments shall be made for any quantifiable nonmaterial deviations or reservations.

The TEC shall prepare and submit to the Tendering Agency a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract.

**Tender award and publication:** The Tendering Agency within the period of validity of bids will either award the contract in accordance with the TEC recommendations if they feel procurement procedures have been complied with and qualification issues have been adequately considered. Alternatively the Tendering Agency can seek clarification from the TEC to aspects of their report.

On receipt of the TEC report the Tendering Agency will seek certificates of legal correctness from the Office of the Solicitor General.

If the contract value exceeds US\$100,000 after bids have been received and evaluated, the PMU shall, before a final decision on the award is made, furnish to the Bank in sufficient time for its review a detailed report on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Loan Agreement and/or the Procurement Plan, promptly inform the Tendering Agency and

state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for contract award. The Tendering Agency shall award the contract only after receiving the “no objection” from the Bank.

Within two weeks of receiving the Bank’s “no objection” to the recommendation of contract award, the Tendering Agency shall advise all tenderers of the result of the tender. The Tendering Agency shall also proceed with the Publication of Contract Award and gazetting for all contracts above PGK300,000. CSTB will advertise the information on their website.

**Preparation of Conformed Contract:** The PMU shall prepare a Conformed Contract in accordance with the terms of the award as approved by the Bank. For contracts above US\$ 100,000, a no objection of the Bank on the draft contract is required. The Conformed Contract will then be provided to the Tendering Agency for execution. One conformed copy of the contract shall be furnished to the Bank promptly after its execution and prior to the first payment out of the Special Account.

## Shopping - Goods

The following procedures for the procurement of goods using Shopping shall be employed.

9. **Prepare specification of goods:** The scope of goods should be developed by a person appointed by the SPO. The scope of goods should consider the approved budget and the description of the goods in the Procurement Plan.
10. **Prepare request for quotes:** Requests for quotations may be by letter, fax, telex, electronic messaging, etc., (with proof of receipt and record keeping). The request should include the description of the works, as well as the required delivery time. The request should indicate the date by which the quotations are needed. Prior review will also be sought from the World Bank to this information for the first three contracts.
11. **Distribution of request for quotes and processing queries:** The PMU will distribute all requests for quotes documents and be the point of contact with Supplier until the contract is awarded. The PMU will receive and record all queries from Suppliers and their responses. At least three valid quotes shall be received before quotes are evaluated.
12. **Submission of quotes:** Suppliers may submit their quotations in writing, i.e., by fax, telex, letter, or electronic messaging (copies to be kept for the records). No bid or performance securities are required. There is no requirement for strict time and date for submission of quotations and for public opening, but normally requests for quotes indicate the expected date of submission of quotes, within three weeks of the initial request. In other cases, if the PMU has not received at least three quotations within the time set, it verifies with the missing suppliers whether they intend to do so and how soon. Unless there is extreme urgency or there are already three or more quotations available, the PMU may give a reasonable amount of additional time, for instance three more days, to get additional quotations. At this point the PMU may proceed with the comparison of the proposals received.
13. **Comparison of quotations:** Quotations are compared after checking there are no tags or conditions attached to the quote. Generally the lowest priced offer is selected. The PMU may exercise discretion in selecting a quotation that is not the lowest priced, as far as there is a good justification. For example, if the quality of the goods to be supplied is considered to be poor. After selecting a preferred quote the PMU will forward all documentation to the CEO of the Implementing Agency for his review and endorsement of the decision.

In relation to the first three contracts awarded using this method of procurement after quotes have been received and evaluated, the PMU shall, before a final decision on the award is made, furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the quotes received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Financing Agreement and/or the Procurement Plan, promptly inform the CSTB and state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for contract award. The Implementing Agency shall award the contract only after receiving the “no objection” from the Bank.

14. **Record of award:** The SPO will document the award decision and its rationale and retain all documents for review and audit by the Bank, as needed. The record should contain the list of firms invited and the list and value of the quotations received and documents clearly that the award is based on sound economic criteria. One signed copy of the contract will be furnished to the Bank promptly after its execution and prior to delivery to the Bank of the first Withdrawal Application for such contract.

## **Selection Methods for Consultants**

In accordance with the PPAP Financing Agreement, the selection of consultants will be carried out through the following methods. The steps in the selection of Consultants are detailed in Figure 3-3 below.

### **Quality and Cost Based Selection (QCBS)**

QCBS will be used where large value and complex consulting services are procured. At the time of the preparation of this manual, there are no QCBS anticipated under the project.

### **Consultants Qualifications’ Selection (CQS)**

CQS may be used small value consulting assignments for which the need for preparing and evaluating competitive proposals is not justified. Small value consulting assignments are usually defined to have a value less than US\$100,000. CQS will be used to procure consulting services with a value of US\$1.14 million.

### **Least Cost Selection (LCS)**

With regards to the assignments where the scope of work of the assignment can be precisely defined and the Terms of Reference (TOR) are clear and well specified the recommended method is LCS. LCS will be used to procure market access infrastructure designers and construction supervisors for a project value of US\$0.43 million.

### **Single Source Selection (SSS)**

On an exceptional basis, as indicated in the approved Procurement Plan and when consistent with the World Bank procurement Guidelines, single source selection can be used under the project. SSS will be used to procure consulting services with a value of US\$0.49 million.

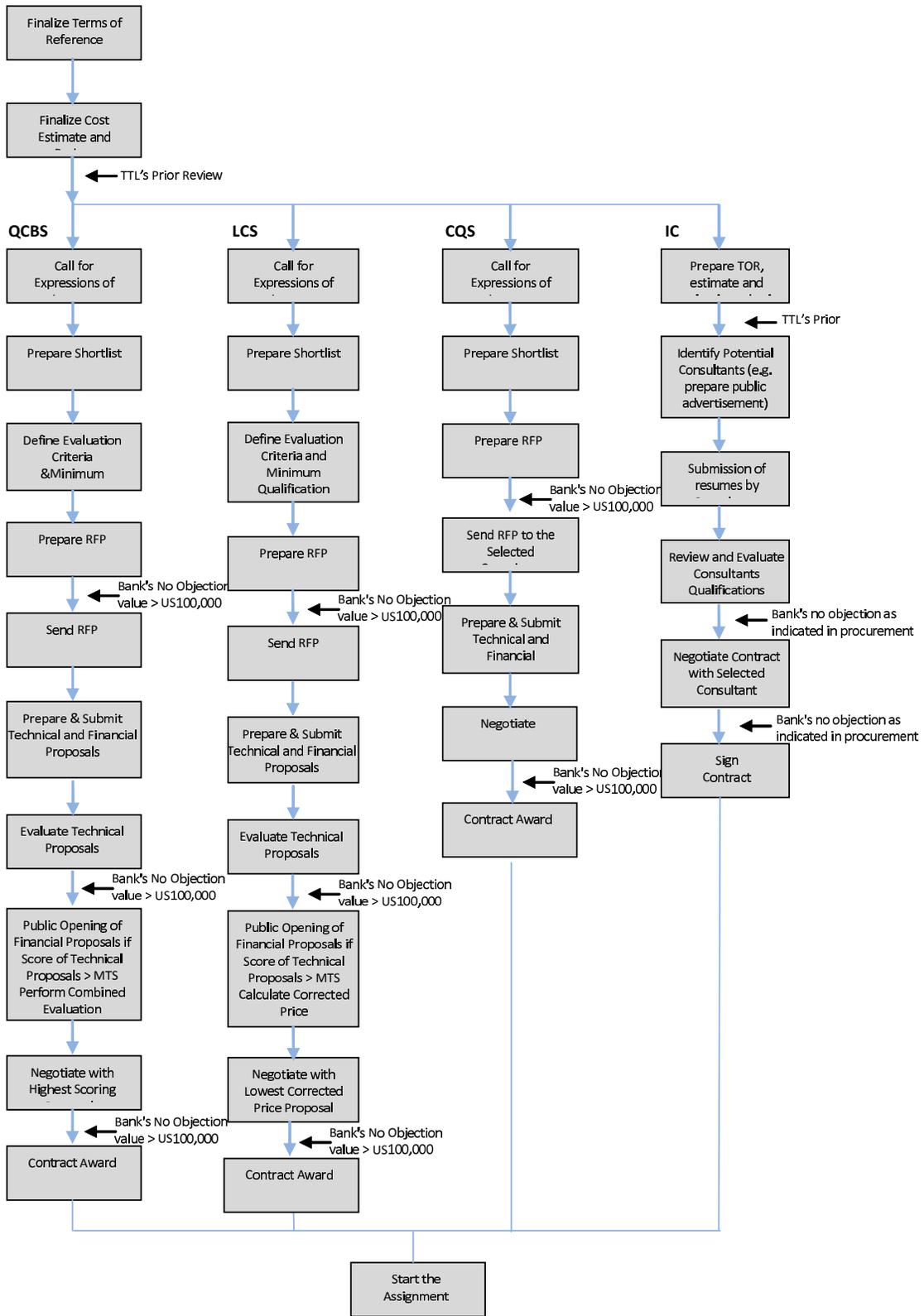
## Individual Consultants

International consultants, as well as local ones, may be appointed by the Implementing Agency or the PMUs acting on behalf of the CEOs of the Implementing Agency, to assist in project implementation and to provide technical assistance. They will be selected through a comparison of qualifications of at least three qualified consultants among those who have expressed interest in the assignments or have been approached directly by the PMU. Individual consultants will be employed to provide project management, financial administration, procurement, transport planning, intermediate transport planning and design, industry expertise and management advice. The value of these consultancies is estimated to be US\$8.39 million. On an exceptional basis, as indicated in the approved Procurement Plan and when consistent with the World Bank procurement Guidelines, single source selection can be used for individual consultants under the Project.

## Selection Process for Consultants

A flowchart of the principal implementation steps in each procurement process for Consulting Works is provided in Figure 3-3. Note that the need for Bank no objection at various steps for smaller contracts (under US\$ 100,000) is actually specified on a case by case basis in the Procurement Plan, and the Procurement Plan is the document to consider to determine whether a Bank no objection is needed for a specific contract. The flowchart below is indicative.

Figure 0-3 Implementation steps for the selection of consultants



## Quality and Cost Based Selection (QCBS)

The following procedures for the selection of consultants using QCBS shall be employed.

15. **Preparation of the TOR of the assignment and cost estimate:** The SPO will work with the relevant technical staff to draft the TOR for the consultancy. Appropriate technical assistance will be provided to the person drafting the TOR by relevant technical specialists. The TOR should be based on the draft TOR provided in the PIM. If no relevant TOR is provided in the PIM, a format similar to those TOR in the PIM shall be used. The TOR should be prepared in accordance with Chapter 10 of the Consulting Services Manual 2006 published by the World Bank. The TOR will detail the nature and duration of the inputs needed to complete the consultancy. The SPO shall prepare the cost budget using relevant unit cost rates for the time and reimbursable inputs.
16. **Public invitation of consultants' expressions of interest (EOIs):** The SPO will also draft the request for Expressions of Interest (EOI). The no objection of the Bank on the EOI is required. The SPO will forward this advertisement to the Bank for publication in UNDB online and in the dgMarket. The Tendering Agency will also advertise the request for expressions of interest (EOIs) in a PNG national newspaper. When the value of the contract will exceed PG300,000 the Tendering Agency will be the CSTB. The Implementing Agency will be the Tendering Agency when the contract value is less than PGK300,000. Submissions should be lodged with the Tendering Agency. The Tendering Agency shall forward the EOIs to the SPO.
17. **Short-listing of consultants:** Short-listing of consultants is done by the Technical Evaluation Committee. The persons should have appropriate technical expertise to be eligible to be appointed. There should be a period of at least 14 days between the placement of advertisements and the final short-listing of consultants. Submission may be assessed as they are received. The short list should ideally comprise six firms. The Technical Evaluation Committee reviews the qualifications of consultants who submitted expressions of interest and gives first consideration to those possessing the best qualifications for the proposed assignment. In preparing the short-list consideration will be given to the requirements of the TOR and key factors such as a consultant firm's reputation of integrity and impartiality, demonstrated ability to deliver quality outputs, management capacity of the firm, and previous experience with similar assignments. The Implementing Agency's previous experience with consultants may also be considered when preparing the short-list. The following are other considerations related to the preparation of the short list:
  - a) Short-listed consultants should be allowed to associate with each other or with non-short-listed consultants only with the permission of the Implementing Agency.
  - b) Consultants should be required to confirm their intention to submit proposals shortly after the invitation to submit proposals is issued.
  - c) The list should not include more than two firms from any one country, and it should include at least one firm from a developing country unless there are no qualified firms. Preparation of the short list should comply with Chapter 13 of the World Bank Consulting Services Manual 2006. When the value of the contract exceeds US\$100,000, the SPO should submit to the World Bank the short list and a memo explaining the reasons for choosing the proposed firms for no objection before distributing bidding documents.

**Preparation of Bid Evaluation Criteria:** Tender Evaluation Criteria shall be developed in accordance with Chapter 12 of the World Bank Consulting Services Manual 2006.

**Preparation and issuance of the RFP to shortlisted Consultants:** RFPs will be developed using the pro-forma available on the World Bank website ([www.worldbank.org](http://www.worldbank.org)) and in

compliance with Chapter 14 of the World Bank Consulting Services Manual 2006. A copy of the RFP and shortlist will be submitted to the World Bank for no objection before they are issued. After the World Bank advises “no objection” to the short list and the RFP the Implementing Agency will issue the RFPs to the short listed companies.

**Preparation and submission of proposals by consultants:** Short-listed companies should be provided at least three weeks to prepare and submit their proposals. Proposals should be addressed to the Tendering Agency.

**Evaluation of technical proposals:** The Implementing Agency will nominate to the Tendering Agency the Technical Evaluation Committee. At least three persons should evaluate the proposals. The persons should have relevant technical experience. Technical and financial proposals must be submitted at the same time at the nominated location. Proposals must be submitted to the Tendering Agency no later than the date and time indicated in the RFP. Proposals received after the deadline for submission are rejected and must be returned unopened to the consultants. The Tendering Agency will open the technical proposals immediately after the deadline. They verify that the financial envelopes are sealed and deposit them unopened in a safe place. The Tendering Agency will record the date and time that each technical proposal was received and the date on which the technical proposals were made available to the Technical Evaluation Committee (TEC). Minutes of the technical-proposal-opening event are kept, including lists of the firms that submitted proposals. The TEC will act in accordance with the requirements of Chapters 16 and 17 of the World Bank Consulting Services Manual 2006. Each Evaluation Committee member will review the bids independently and then undertake a joint review with other Committee members. The Evaluation Committee prepares a technical evaluation report (TER) in format acceptable to the World Bank that shall record the scores given to each criterion and sub-criterion, as well as explain the decisions made<sup>4</sup>. The report also should indicate technical weaknesses or deviations from the terms set out in the RFP and comment on their acceptability. The technical evaluation report is submitted by the Evaluation Committee to the Tendering Agency for review and approval. The Tendering Agency may ask the Evaluation Committee to explain the report, but should not request that scores be changed. After the Tendering Agency makes a decision the Implementing Agency should send the technical evaluation report to the Bank for review and “no objection.” The financial proposals should not be opened until the Bank’s “no objection” to the report is received.

**Evaluation of the financial proposals.** After receiving the Bank’s “no objection” to the technical evaluation report, the Tendering Agency notifies consultants whose proposals did not meet the minimum technical score specified in the RFP or were found to be nonresponsive, indicating that the consultants’ financial proposals will be returned unopened at the end of the selection process. The Tendering Agency will simultaneously notify consultants whose technical proposals were above the minimum technical score and informs them of the date, time, and place set for opening the financial envelopes. The opening date should be defined to allow sufficient time for consultants to make arrangements to attend the opening. The Evaluation Committee meets and verifies that the financial proposals have remained sealed and then opens them. The name of the consultant, the technical points, and the proposed prices are read aloud and recorded as each financial proposal is opened. No modification to financial proposals is permitted. The Tendering Agency prepares the minutes of the public opening, which should be attached to the Combined Technical and Financial

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<sup>4</sup> Standard TER format acceptable to IDA can be provided on request by the World Bank

Evaluation Report. The Evaluation Committee shall first review the financial proposals and weigh and combine the scores of the technical and financial proposals to obtain a final ranking of the proposals and recommendation for award. The data are then recorded in the final evaluation report, which is delivered to the Tendering Agency.

**Contract negotiations.** The Tendering Agency reviews the report, confirms the recommendation for award, obtains any additional clearance that may be required under local regulations and the Implementing Agency forwards the report to the Bank. The Bank reviews the financial evaluation report and, if satisfied, sends its “no objection” to the Implementing Agency. The Bank may request additional explanations or information about the report’s content from the Implementing Agency, when necessary. Upon reception of the Bank’s “no objection”, the Tendering Agency invites the consultant whose proposal has obtained the highest combined score to negotiate and informs the other consultants that they were unsuccessful. After technical and financial negotiations are completed, the Implementing Agency shall provide the Bank, in sufficient time for its review and “no objection,” with a copy of the initialled draft negotiated contract. If the Bank determines that the final evaluation report, recommendation for award, or draft negotiated contract is inconsistent with the provisions of the RFP, it shall promptly inform the Implementing Agency and state the reason for its determination. Otherwise, the Bank shall provide its final “no objection” to the contract award.

**Contract award and public disclosure.** The Implementing Agency shall confirm the award of the contract only after receiving the “no objection” from the Bank. The description and amount of the contract, together with the name and address of the firm, shall be subject to public disclosure by the Implementing Agency after contract signing. Once the contract is awarded, the Implementing Agency shall publish in UNDB online and in dgMarket the following information: (a) the names of all consultants who submitted proposals; (b) the total technical points assigned to each consultant proposal; (c) the evaluated prices of each proposal; (d) the final point ranking of the consultants; and (e) the name of the successful consultant and the price, duration, and summary scope of the contract. The Implementing Agency shall also send the same information to all consultants who have submitted proposals. The contract shall be gazetted and similar information is also made available by CSTB on their website. Upon signing of the contract, the PMU will furnish to the Bank a copy of the final contract prior to submission of the first Withdrawal Application for such contract.

## Consultants Qualifications Selection (CQS)

The following procedures for the selection of consultants using CQS shall be employed.

18. **Preparation of the TOR of the assignment and cost estimate:** The SPO will select the person to draft the TOR for the consultancy. The TOR should be based on the relevant TOR provided in the PIM. If no relevant TOR is provided in the PIM, a similar format TOR to that in the PIM shall be used. The TOR should be prepared in accordance with Chapter 10 of the Consulting Services Manual 2006 published by the World Bank. The TOR will detail the nature and duration of the inputs needed to complete the TOR. The SPO shall prepare the cost estimate using relevant unit cost rates for the time and reimbursable inputs.
19. **No objection by the Bank and by Tendering Agency:** The Implementing Agency shall provide the TORs to the Bank in sufficient time for their review and “no objection,” with a copy of the TOR. If the Bank determines that the TOR needs amendment, it shall promptly inform the Implementing Agency and provide its comments to the Implementing Agency. Otherwise, the Bank shall provide

its final “no objection” to the TORs. If the value of the contract is expected to exceed PGK300,000, the Tendering Agency will be the CSTB. If the value of the contract is expected to be less than PGK300,000, the Tendering Agency will be the Implementing Agency.

20. **Public invitation of consultants’ expressions of interest (EOIs):** The person who drafts the TOR will also draft the request for Expressions of Interest (EOI). The Tendering Agency will advertise the request for expressions of interest (EOIs) in a PNG national newspaper once the “no objection” from the Bank has been received. Submissions should be lodged with the Tendering Agency. The Implementing Agency shall forward the EOIs to the SPO.
21. **Appoint Technical Evaluation Committee:** The Implementing Agency will appoint the members of the EOI Evaluation Committee. The Tendering Agency (if different from the Implementing Agency) will approve the members of the Evaluation Committee. The members should have appropriate technical expertise to be eligible to be appointed.
22. **Prepare criteria for evaluating the EOI:** The members of the Technical Evaluation Committee will prepare criteria to evaluate the EOIs. The criteria should assess the experience of the organisation, previous experience in the developing country and experience in the technical areas included in the TOR.
23. **Receive and evaluate EOIs and prepare Letter of Invitation:** The EOIs will be received by the Tendering Agency who will forward them to the Implementing Agency. The Evaluation Committee will review and evaluate the bids using the EOI evaluating criteria. The Evaluation Committee will select the most qualified firm to undertake the consulting services defined in the TOR. The Evaluation Committee with assistance from the SPO will prepare a letter of invitation to the selected firm to submit a combined technical and financial proposal. The Evaluation Committee recommendation will be forwarded to the Tendering Agency for review and approval to invite the selected organisation to submit a combined technical and financial proposal. Before the Letter of Invitation is issued the Implementing Agency shall provide the Bank in sufficient time for their review and “no objection,” with a copy of the EOI Evaluation Report and the Letter of Invitation. If the Bank determines that the Evaluation Report and the Letter of Invitation is inconsistent with the TORs and/or Procurement Guidelines, it shall promptly inform the Implementing Agency and state the reason for its determination. Otherwise, the Bank shall provide its final “no objection” to the issue of the Letter of Invitation to the selected firm. The Tendering Agency will issue the letter of invitation to the selected firm on receipt of the no objection notification from the Bank. .
24. **Submit technical & financial proposal:** The selected firm will prepare and submit a technical and financial proposal in accordance with the Letter of Invitation. The bidder should be provided at least 3 weeks to prepare and submit its proposal. Proposals should be submitted to the Tendering Agency.
25. **Evaluation of proposals & contract negotiation:** The Evaluation Committee will evaluate the proposal. The technical proposal will be evaluated to ensure that it complies with the requirements of the Letter of Invitation and TOR. If the Technical Proposal is responsive, the Financial Proposal will be examined. The unit costs and inputs are checked to ensure the proposals deliver value for money to the Implementing Agency. The Evaluation Committee will assess that the proposal delivers value for money by comparing the rates and inputs against recent tenders and historical data. The Evaluation Committee will act in accordance with the requirements of Chapters 16 and 17 of the Consulting Services Manual 2006. Each Evaluator will review the bid independently and then undertake a joint review with other Committee members. The Evaluation Committee will prepare a report containing their recommendations on the suitability of the proposal and areas

where the proposal does not comply technically with the RFP or the financial proposal does not deliver value for money. Should the Evaluation Committee feel that the proposal does not deliver value of money for the Implementing Agency, the SPO will negotiate with the Bidder using information from the Evaluation Report. Negotiations shall include discussions of the TOR, the methodology, staffing, Borrower's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.

**26.Contract award and public disclosure.** The Implementing Agency shall provide the Bank, in sufficient time for its review and "no objection," with a copy of the initialled draft negotiated contract. If the Bank determines that the final evaluation report, recommendation for award, or negotiated contract is inconsistent with the provisions of the Letter of Invitation it shall promptly inform the Implementing Agency and state the reason for its determination. Otherwise, the Bank shall provide its final "no objection" to the contract award. The Tendering Agency shall confirm the award of the contract only after receiving the "no objection" from the Bank. The description and amount of the contract, together with the name and address of the firm, shall be subject to public disclosure by the Implementing Agency after contract signing. The contract shall also be gazetted and similar information will be made available on the CSTB website. Upon signing of the contract, the PMU will furnish to the Bank a copy of the final contract prior to the submission of the first Withdrawal Application for such contract.

### **Least Cost Selection (LCS)**

The following procedures for the selection of consultants using LCS shall be employed.

**27.Preparation of the request for proposal (RFP) of the assignment and cost estimate:** The Project Manager will appoint a person to assist the SPO to prepare the RFP. Additional technical assistance can also be provided to the persons drafting the RFP from relevant technical specialists. The RFP shall follow the format provided in the most recent version of the Selection of Consultants by the World Bank: Request for Proposals. The persons drafting the RFP will also estimate the nature and duration of the inputs needed to complete the TOR in the RFP. The SPO shall prepare the cost estimate using the input quantities provided in the RFP, relevant unit cost rates for the time and reimbursable inputs.

**28.Invitation of consultants' expressions of interest (EOIs):** The person who drafts the RFP will also draft the request for Expressions of Interest (EOI). Once a "no objection" has been received from the Bank, the Tendering Agency will advertise the request for expressions of interest (EOIs) in a PNG national newspaper. The Implementing Agency will be the Tendering Agency when the value of the contract is less than PGK300,000. The CSTB will be the Tendering Agency when the value of the contract is expected to exceed PGK300,000. Submissions should be lodged with the Tendering Agency. The Tendering Agency shall forward the EOIs to the SPO.

**29.Prepare short list:** The PMU will prepare a short list of candidate firms. The short list can be based on responses to the request for EOIs or the previous experience of the Implementing Agency. To assist in checking the Bidders' references contact details and names of former clients who can verify the previous experience data will be required.

**30.Preparation of Bid Evaluation Criteria:** Bid Evaluation Criteria shall be developed by the PMU in accordance with Chapter 12 of the World Bank Consulting Services Manual 2006. The technical criteria will be ranked and scored with a total maximum score of 100.

31. **Approval of RFP by the Bank:** In compliance with Chapter 14 of the World Bank Consulting Services Manual 2006 when the value of the consultancy is expected to exceed US\$100,000, or as specified in the Procurement Plan, the PMU will send the RFP, evaluation criteria and minimum qualification mark to the Bank for their approval. Any changes to the documents recommended by the Bank shall be integrated.
32. **Issuance of the RFP to shortlisted Consultants:** Upon receipt of the no objection notice from the Bank the Tendering Agency will issue the RFP to the short listed firms.
33. **Preparation and submission of proposals by consultants:** Short-listed companies should be provided at least four weeks to prepare and submit their proposals. Proposals should be addressed to the Tendering Agency.
34. **Evaluation of technical proposals:** The Implementing Agency will nominate to the Tendering Agency the persons to evaluate the proposals (Technical Evaluation Committee). At least three persons who are specialists in the relevant sector should evaluate the proposals. Technical and financial proposals must be submitted at the same time at the nominated location. Proposals must be submitted to the Tendering Agency no later than the date and time indicated in the RFP. Proposals received after the deadline for submission are rejected and must be returned unopened to the consultants. The Tendering Agency will open the technical proposals immediately after the deadline. The Tendering Agency shall verify that the financial envelopes are sealed and deposit them in a safe place. The Tendering Agency will record the date and time that each technical proposal was received and the date on which the technical proposals were made available to the Evaluation Committee. Minutes of the technical-proposal-opening event are kept, including lists of the firms that submitted proposals. The Evaluation Committee will act in accordance with the requirements of Chapters 16 and 17 of the Consulting Services Manual 2006. Each Evaluation Committee member will review the proposals independently and then undertake a joint review with other Committee members.

The Evaluation Committee prepares a technical evaluation report that shall record the scores given to each criterion and sub criterion, as well as explain the decisions. The report also should indicate technical weaknesses or deviations from the terms set out in the RFP and comment on their acceptability. The technical evaluation report is submitted by the Evaluation Committee to the Tendering Agency for review and approval. The Tendering Agency may ask the Evaluation Committee to explain the report, but should not request that scores be changed.

If the contract value exceeds US\$100,000 after bids have been received and evaluated, or as specified in the Procurement Plan, the PMU shall, before opening the financial proposals furnish to the Bank, in sufficient time for its review, a detailed report on the evaluation and comparison of the technical proposals received, together with the recommendations and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the evaluation of the technical proposals would be inconsistent with the Financing Agreement and/or the Procurement Plan, promptly inform the Implementing Agency and state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for opening the financial proposal.

35. **Opening of financial proposals:** After receiving the Bank's "no objection" to the technical evaluation report, the Tendering Agency notifies consultants whose proposals did not meet the minimum technical score specified in the RFP or were found to be nonresponsive, indicating that the consultants' financial proposals will be returned unopened at the end of the selection process. The Tendering Agency will simultaneously notify consultants whose technical proposals were

above the minimum technical score and informs them of the date, time, and place set for opening the financial envelopes. The opening date should be defined to allow sufficient time for consultants to make arrangements to attend the opening. At the opening meeting, the Evaluation Committee verifies that the financial proposals have remained sealed and then opens them. The name of the consultant, the technical points, and the proposed prices are read aloud and recorded as each financial proposal is opened. No modification to financial proposals is permitted. The Tendering Agency prepares the minutes of the public opening, which should be attached to the Financial Evaluation Report. The Evaluation Committee shall first review the financial proposals and prepare a final ranking of the financial proposals.

**36. Contract negotiations and award.** The Evaluation Committee will negotiate with the lowest priced qualified company. Should the negotiations not be successful, the Evaluation Committee may negotiate with the second lowest qualified firm. The Tendering Agency reviews the report, confirms the recommendation for award, obtains any additional clearance that may be required under local regulations. If the contract value exceeds US\$100,000 after the financial proposals evaluated, or as otherwise specified in the Procurement Plan, the PMU shall, before the Tendering Agency awards the contract, furnish to the Bank, in sufficient time for its review and no objection, a detailed report, on the evaluation and comparison of the financial proposals received, together with the recommendations and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the evaluation of the financial proposals would be inconsistent with the Financing Agreement and/or the Procurement Plan, promptly inform the Implementing Agency and state the reasons for such determination. Otherwise, the Bank shall provide its no objection to the recommendation for the award of the contract. The Tendering Agency shall only award the contract after receiving the “no objection” from the Bank. Contract awards need to be publicly advertised in the UNDB/DgMarket and gazetted in PNG. Upon signing of the contract, the PMU will furnish to the Bank a copy of the final contract prior to the first application for withdrawal of funds in respect of such contract.

### Individual Consultants (IC)

Individual consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Details of the procedures for the selection of individual consultants are provided below.

**37. Preparation of the TOR of the assignment and cost estimate:** The Project Manager shall appoint a person to prepare the TOR for the consultancy. The TOR should be prepared in accordance with Chapter 10 of the Consulting Services Manual 2006 published by the Bank, and using the PIM if it includes a draft of such TOR. The author of the TOR will also estimate the nature and duration of the inputs needed to complete the TOR. The SPO shall prepare the cost estimate using relevant unit cost rates for the time and reimbursable inputs. The TOR may be subject to the Bank prior review and “no objection” as specified in the Procurement Plan.

**Sourcing candidate CVs:** The Implementing Agency will source CVs of qualified and interested candidates in a number of ways. The most common sources of CVs are:

Consultants who the Implementing Agency has used previously. These Consultants in turn may provide names from their network of contacts;

Consultants known to other industry agencies;  
Consultants known to the Bank;  
Consultants known to team members; and  
Through advertising nationally or internationally.

38. **Preparation of Evaluation Criteria:** Evaluation Criteria shall be developed by the CEO of the Implementing Agency, or the Project Manager on behalf of the CEO, in association with the SPO.
39. **Preparation and submission of resumes by consultants:** Consultants should be provided at least three weeks to provide their resumes and any other information requested in the advertisement/invitation. Resumes should be forwarded to the CEO of the Implementing Agency.
40. **Evaluation of resumes and selection of candidate:** The Evaluation Committee comprising at minimum of the Project Manager and/or CEO of the Implementing Agency, SPO and relevant technical person will review the resumes and short-list the preferred candidates for interview. The Evaluation Committee will interview the preferred candidates and prepare an Evaluation Report presenting a recommendation for consultant selection. The evaluation report will be submitted to the Bank for a “no objection” ruling before an appointment is made as specified in the Procurement Plan.
41. **Contract negotiations and award.** An acceptable financial package is negotiated with the selected candidate. If negotiations fail, the Implementing Agency may enter into negotiations with the next best ranked candidate. The draft negotiated contract is subject to the Bank’s prior review and “no objection” as indicated in the Procurement Plan. Once the Bank indicates that they have no objection, the individual will be provided with a letter of appointment covering all aspects of the appointment<sup>5</sup>. Upon signing of the contract, the PMU will furnish to the Bank a copy of the final contract prior to the submission of the first Withdrawal Application for such contract. Similar to all contracts, the contract award will have to be publicly disclosed.

## Operational Costs

This group of costs will include employment of general office staff and drivers, communication, utilities, stationeries, transportation, accommodation and allowances (e.g. review meetings), office supplies, office equipment maintenance and repair, publication of procurement notices, and other miscellaneous costs directly associated with the Program implementation and monitoring. The procurement of such items would follow implementing agency’s regular administrative procedures.

## Productive Partnerships

Under Component 2 (Productive Partnerships), project funding will be channelled through partnerships with legal entities in the private and associative sectors. This section describes the procedures to be followed under the Partnership Agreements for the procurement of works, goods and consultants under these partnerships.

The Partnership Agreements (PA) will specify the procurement procedures to be followed and would include a specific procurement plan. The Partnership Agreements will also require the recipient(s) to maintain records of all procurement activities carried out. The SPO in each PMU will be responsible

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<sup>5</sup> Standard formats acceptable to IDA can be provided by the World Bank on request

for the monitoring and review of procurement activities carried out under the Partnerships Agreements, to ensure compliance with the provisions of those Agreements. The SPO, with support from the Procurement Advisor as needed, will also provide guidance and training to Partners on PPAP procurement procedures. Progress reports submitted by Partners when requesting the release of funds under the PA will include reporting on procurement carried out with adequate documentation to enable the SPO to carry out their reviews. Should any deviation occur, then the Partners will not be eligible for funding (or reimbursement) from the Project for the related expenditures.

Partnership based procurement is expected to include consultant services, training and workshops, goods, equipment and materials as well as small works. It is not possible to pre-identify items to be procured by the partnerships at this stage. The total cost of each contract is likely to vary, but they are not expected to exceed US\$500,000. In addition, it is not anticipated the submission of many large proposals and contracts (above US\$200,000 per contract). Procurement for eligible activities under approved proposals from selected productive partnership would be carried out using the Community Participation in Procurement method (as per paragraph 3.17 of the World Bank Procurement Guidelines).

The procurement practices below are recommended to be used for procurement under approved productive partnerships.

## Goods

Procurement of Goods will use the following procurement methods:

42. Direct Contracting: Generally, Direct Contracting may be used in contracts with a value less than US\$10,000. Direct contracting can be also used under the following circumstances.

- a) Extension of existing contract- where it can be shown that there is little benefit in issuing a competitive tender for additional goods currently being supplied under an existing contract, Direct Contracting may be employed.
- b) Equipment standardization – where it is necessary to match new equipment with existing equipment then Direct Contracting may be used.
- c) Proprietary equipment – where the required equipment is proprietary and only available from a single source, than Direct Contracting may be used.

43. Shopping: Shopping may be used to procure Goods when the value of the contract is less than US\$50,000.

44. National Competitive Bidding – For Contract values greater than US\$50,000 and less than US\$500,000 National Competitive Bidding may be used.

## Civil Works

Procurement of Civil works will use the following procurement methods.

45. Shopping: Shopping may be used to procure Civil Works when the value of the contract is expected to be less than US\$50,000.

46. National Competitive Bidding: Procurement of larger civil works when contract values are expected to exceed US\$50,000 and less than US\$500,000 will be procured using National Competitive Bidding.

## **Consulting Services**

Procurement of Productive Partnership Consulting Services will use the following procurement mechanisms.

47. Consultants Qualifications Selection (CQS) – Procurement of small value contracts (value less than US\$100,000 will be performed using CQS.
48. Quality and Cost Based Selection (QCBS) – Where the consulting services are complex and present a technical challenge QCBS will be used to select the consultants.
49. Least Cost Selection (LCS) – Where the scope of work of the assignment can be precisely defined and the TOR are clear and well specified and the work is technically straight forward LCS may be used to select the consultants.

Individual Consultant – Where the scope of work does not require the employment of a number of persons, the position does not require professional support and the experience and qualifications of the consultant is paramount Individual Consultant selection may be used.

## Documents Clearance and Prior and Post Reviews

With respect to the prior review of Project operations related to procurement of goods, works and consultants, the procedures set forth in the most recent version of Procurement Guidelines under International Bank for Reconstruction and Development Loans and IDA Credits and provided in the Procurement Plan will be followed. Prior review thresholds comply with the relevant recommendations in Report No 36807-PG: PNG Country Procurement Assessment Report, June 2006. Full documentation should be submitted to the Bank for prior review of:

- First three goods contracts awarded through Shopping;
- All goods and works contracts where the value exceeds US\$100,000
- First three civil works contracts awarded through Shopping;
- All consultants' contracts for firms over US\$100,000;
- Any material modifications or waiver of terms and conditions of the prior review goods and civil works contracts, resulting in an increase above 15 percent (or decrease for 15 percent or more) of the original contract amount;
- Any modifications to prior review contracts for consulting services; and
- Any other contract as specified in the approved Procurement Plan.

### Goods

#### National Competitive Bidding

The Bank's prior review of procurement documentation for Goods using National Competitive Bidding is required when the contract value exceeds US\$100,000. Prior review will cover the following:

- Bidding documents;
- Tender Evaluation Report, including the recommendation for award;
- Draft negotiated contract.

#### Direct Contracting

The Bank's prior review of procurement documentation for Goods using Direct Contracting is required for all contracts. Prior review will cover the following:

- Request to use Direct Contracting;
- Draft negotiated contract.

#### Shopping

The Bank's prior review of procurement documentation for Goods using Shopping is required for the first three contracts. Prior review will cover the following:

- Request for quotes;
- Quote Evaluation Report, including the recommendation for award;
- Draft negotiated contract.

## Works

### National Competitive Bidding

The Bank's prior review of procurement documentation for Goods using National Competitive Bidding is required when the contract value exceeds US\$100,000. Prior review will cover the following:

- Bidding documents;
- Tender Evaluation Report, including the recommendation for award;
- Draft negotiated contract.

### Shopping

The Bank's prior review of procurement documentation for Goods using Shopping is required for the first three contracts. Prior review will cover the following:

- Request for quotes;
- Quote Evaluation Report, including the recommendation for award;
- Draft negotiated contract.

## Consulting Services

### Quality and Cost Based Selection (QCBS)

The Bank's prior review of procurement documentation for Consulting Services using QCBS is required when the contract value exceeds US\$100,000. Prior review will cover the following:

- Reasons for the shortlist, shortlist and RFP;
- Technical Proposal Evaluation Report;
- Final Evaluation report and draft negotiated contract.

### Consultants Qualifications Selection (CQS)

The Bank's prior review of procurement documentation for Consulting Services using CQS is required when the contract value exceeds US\$100,000, or as otherwise specified in the approved Procurement Plan. Prior review will cover the following:

- Short list and RFP; and
- Draft negotiated contract.

### Least Cost Selection (LCS)

The Bank's prior review of procurement documentation for Consulting Services using LCS is required when the contract value exceeds US\$100,000, or as otherwise specified in the approved Procurement Plan. Prior review will cover the following:

- RFP, evaluation criteria and minimum qualification mark;
- Technical Proposal Evaluation Report; and
- Final Evaluation Report and draft negotiated contract.

## Individual Consultant (IC)

The Bank’s prior review of procurement documentation for Consulting Services using IC is required for specific contracts as indicated in the approved Procurement Plan. Prior review will cover the following:

- Terms of reference;
- Evaluation Report including recommendation for contract award; and
- Draft negotiated contract.

When procurement documentation, which requires the Bank’s prior clearance/approval, is finalised by the relevant PMU with the support of the Implementing Agency, the following steps will be followed:

- The completeness of documentation is verified by the relevant SPO;
- The PMU SPO will prepare the Request for no objection, which is to be approved by the relevant Project Manager and/or CEO of the implementing agency. Signed copy of the letter to the World Bank is kept in the PMU procurement files, and is also copied to the PCU;
- If there's a need, clarifications to the Bank's questions/comments are jointly provided by PMU procurement staff and implementing agencies staff, as soon as possible;
- If the documentation does not satisfy the relevant Bank procedures, the Bank will inform the PMU and PCU, stating what is incorrect and giving recommendations as to how documents can be improved;
- The PMU procurement staff will be responsible for promptly making necessary corrections to the documents before revised documentation is re-submitted to the Bank;
- When the documentation satisfies the relevant Bank procedures, the Bank will inform the PMU and PCU of its “no objection”;
- The documentation is considered cleared only when the written no objection from the Bank’s Task Team Leader is received by the PMU and PCU; and
- The PMU will only proceed to the next procurement step after receiving the written “no objection” from the Bank’s Task Team Leader.

## Prior Review in Selection of Consultants

The operations related to procurement of consultants, subject to prior review by the Bank are presented in Table 4.1 below.

**Table 0-1** Prior review in selection of consultants

Procurement Method		Applicability	Prior Review Threshold
1.	QCBS	In accordance with Consultant’s Guidelines	≥US\$100,000
2.	LCS		≥US\$100,000
3.	CQS		≥US\$100,000
4.	IC		None. Prior Review based on the Procurement Plan.

In addition, before granting an extension of the stipulated time for the performance of a contract, agreeing to any substantial modification of the scope of the services, substituting key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase (or decrease) the original amount of the contract by more than 15 percent, the PMU will inform the Bank, of the proposed extension, modification, substitution, waiver or change, and the reasons therefore, and ask for the Bank’s “no objection”. Such changes will only be made once the written “no objection” has been received from the Bank’s Task Team Leader. A copy of all signed amendments to the contract will be promptly furnished to the Bank for its records.

## Prior Review in Procurement of Goods

The operations related to procurement of goods, subject to prior review by the Bank are presented in Table 4.2.

**Table 0-2** Prior review in procurement of goods

Procurement Method		Applicability	Prior Review Threshold
2.	Shopping	<US\$50,000	First three contracts
3.	NCB	≥US\$50,000 - <US\$200,000	>USD\$100,000

If an evaluation committee requires an extension of bid validity to complete the process of evaluation, obtain necessary approvals and clearances, and to make the award, the PMU should seek the Bank’s prior “no objection” for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extension, irrespective of the period. The terms and conditions of a contract will not, without the Bank’s approval, materially differ from those on which bids were asked.

Before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change of order or orders under such contract, which would in aggregate increase or decrease the original amount of the contract by more than 15 percent of the original price, the PMU will inform the Bank of the proposed extension, modification, or change of order and the reasons therefore and ask for the Bank’s “no objection”. The PMU will only proceed with the changes once the written “no objection” from the Bank’s Task Team Leader has been received. A copy of all amendments to the contract will be furnished to the Bank for its records.

## Prior Review in Procurement of Civil Works

The operations related to procurement of civil works, subject to prior review by the Bank, are presented in Table 4.3.

**Table 0-3** Prior review in procurement of civil works

Procurement Method		Applicability	Prior Review Threshold
1.	Shopping	<US\$50,000	First three contracts
2.	NCB	≥US\$50,000 - <US\$500,000	>US\$100,000

If an evaluation committee requires an extension of bid validity to complete the process of evaluation, obtain necessary approvals and clearances, and to make the award, the PMU should seek the Bank’s

prior “no objection” for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extension, irrespective of the period. The terms and conditions of a contract will not, without the Bank’s approval, materially differ from those on which bids were asked.

Before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change of order or orders under such contract, which would in aggregate increase or decrease the original amount of the contract by more than 15 percent of the original price, the PMU will inform the Bank of the proposed extension, modification, or change of order and the reasons therefore and ask for the Bank’s “no objection”. The PMU will only proceed with the changes once the written “no objection” from the Bank’s Task Team Leader has been received. A copy of all amendments to the contract will be furnished to the Bank for its records.

## Records Management and Filing

The PMUs will maintain complete procurement files, to improve operational efficiency, increase transparency and improve governance.

The necessary components of an efficient records management system are:

50.A comprehensive Office Procedures Manual that defines the roles and responsibilities of records management personnel;

51.A system for coding each document based on the file structure for the office. The code should uniquely the document and its chief characteristics e.g., activity, document type, sequential number and revision number;.

52.A system of document registers should be established to facilitate locating the document; and.

53.A system to manage and record document transmittal should be established.

The Project Coordinator should liaise with the Project Managers on the design and operation of the records management system to ensure compatibility between the offices.

The filing system will, inter alia, encompass the documents in the check-lists below:

54. Documents related to procurement of consultants:

- Terms of Reference for the assignments;
- Requests for no objection;
- Request for EOIs and/or local advertisements;
- All relevant correspondence with CSTB;
- EOIs of consultants who responded to notices/advertisements;
- Minutes of receipt of EOIs;
- Appointments of committees for evaluation of EOIs;
- EOIs evaluation reports and Short Lists;
- Requests for no objection and no objections on the Short Lists;
- Request for no objection and no objection s on the RFPs;
- Notices sent to consultants who expressed their interest;
- Final RFPs/letters of intention, as issued to selected consultant(s), together with documentation related to their issuing;
- Records of the RFP receipt by the shortlisted consultants;
- Questions by consultants, clarifications and Amendments to the RFPs;
- Pre-proposal conferences minutes, if any;
- Proposals receipts/signatures;
- Consultants proposals (technical-financial or technical and financial);
- Appointments of proposal evaluation committees;
- Proposals opening minutes (for technical-financial proposal or for technical and financial proposals);

- Reports on technical, financial and combined evaluations and individual scoring sheets;
- Requests for no objection and no objection s on the proposal evaluation reports;
- Different notifications to and by the consultants and records on their receipts;
- Notifications of successful consultants and invitations to negotiations;
- Negotiation committees appointments;
- Signed Minutes of Negotiations;
- Draft contracts ;
- Approvals of the State Solicitor's Office;
- Requests for no objection and no objection s on the draft contracts;
- Signed contracts;
- Consultants' requests for contract amendments, if any;
- Request for no objection and no objection s to contracts amendments, if any;
- Signed contracts amendments, if any;
- Bank guarantees, where needed;
- Notifications and explanations provided to unsuccessful bidders;
- Consultant reports, including progress reports;
- Comments provided to consultants' reports;
- Correspondence between PCU and implementing agencies on acceptance of the consultant's reports;
- Technical endorsement letters by Output Managers or Focal Points;
- Notification to consultants on acceptance of the reports; and
- Assignment completion reports.

Documents related to procurement of goods:

- Technical specifications;
- Bidding documents and invitations to quote (ITQ)s;
- Requests for no objection and no objection s on the bidding documents;
- Requests for no objection and no objection s on ITQs;
- Final invitations to bid (ITB) and ITQ;
- Record of ITB receipts (such as DHL documents);
- Lists of suppliers;
- SPNs and/or local advertisement;
- Responses to the notices/advertisements;
- Appointments of Appointments of committees for bids evaluation;
- Bidders questions and clarifications/answers;

- Pre-bid conferences minutes;
- Bids receipts/signatures;
- Received bids;
- Bid opening minutes;
- Evaluation committees reports;
- Request for no objection and no objection on evaluation reports and recommendations to award;
- Notifications of successful suppliers;
- Signed contracts;
- Purchase orders;
- Confirmations of receipt of purchase orders;
- Signed contract amendments, if any;
- Bids securities;
- Performance securities;
- Contract deliverables receipts;
- Final hand receipts;
- Acceptance reports and reports on goods inspection;
- Guarantee documentations;
- Approvals of the State Solicitor's Office; and
- All relevant correspondence with CSTB.

Documents related to procurement of civil works:

- Bills of quantities;
- Bidding documents and requests for quotations;
- Requests for no objection and no objection s on the bidding documents;
- Final ITBs and requests for quotations;
- Record of ITB receipts (such as DHL documents);
- Lists of contractors;
- SPNs and/or local advertisements;
- Responses to the notices/advertisements;
- Appointments of evaluation committees;
- Bidders questions and clarifications/answers;
- Bids receipts/signatures;
- Received bids/quotations;
- Bids/quotations opening minutes;

- Evaluation committees' reports;
- Request for no objection and no objection s on evaluation reports and recommendations to award;
- Notifications of successful contractors;
- Approvals of the State Solicitor's Office;
- Signed contracts;
- Purchase orders;
- Confirmations of receipt of purchase orders;
- Signed contract amendments, if any;
- Bids securities;
- Performance securities;
- Works acceptance reports; and
- All relevant correspondence with CSTB.

## **Standard Bidding Documents**

For procurement of works and goods through NCB, Standard Bidding Documents (SBDs), satisfactory to the Bank will be used. For procurement through Shopping, simplified documents agreed with the Bank will be used. The Bank's Standard Bid Evaluation Form: Procurement of Goods and Works will be used for preparation of evaluation reports for procurement of works and goods procured through NCB. For selection of consulting firms, the PMUs will use the Bank's latest Standard Request for Proposals. In the case of evaluation of proposals from consulting firms, the Bank's Sample Form of Evaluation Report: Selection of Consultants will be used. The Bank's standard documents are available on the Bank's website ([www.worldbank.org/html/opr/procure/sbd.html](http://www.worldbank.org/html/opr/procure/sbd.html)). The PMUs will stay updated on the actual situation regarding the latest SBD by checking the Bank's website on a regular basis and will also seek advice as needed from the World Bank Procurement Specialist.

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## **Misprocurement**

Anytime during the term of the Financing Agreement, the Bank has the authority of auditing the project documents. If during this audit, the Bank finds out that all or portions of the goods, works, or services were not procured in accordance with the agreed procedures in the Financing Agreement and Procurement Plan, the Bank will declare "Misprocurement". In such a case the Bank may cancel that portion of the credit allocated to those goods, services or consultant services.



