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**PROCUREMENT GUIDELINES FOR  
PROJECTS FINANCED BY GRANTS FROM  
TRUST FUNDS ADMINISTERED BY THE  
NORDIC INVESTMENT BANK**



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# GENERAL

## Definitions

In these Guidelines various terms have the following meanings:

**“Bank”** or **“NIB”** means the Nordic Investment Bank

**“Beneficiary”** means the Beneficiary of a grant from a trust fund administered by NIB and covers also any contracting entity acting on behalf of such Beneficiary for implementation of its project and for procuring and signing contracts for works, goods and services to be financed from such grant from a trust fund administered by NIB. “Beneficiary” therefore may also be recognised as Promoter of the project, as the Contracting Authority (as defined in the procurement regulation of the EU) or, as the Employer, the Purchaser or the Client (as defined in the various types of contracts for works, plant, goods and services).

**Donor(s):** entity/entities who has/have made grant resources available for specific purposes and on whose behalf the resources are administered by NIB.

**Trust Fund:** a pool of grant (monetary) resources, which are managed by the Bank on behalf of Donor(s). The terms for use and management of the grant resources entrusted with NIB and other related terms and conditions are regulated in legal documentation between the Donor(s) and NIB.

**“Public sector projects”** and **“public contracts”** within NIB’s member countries<sup>1</sup> and European Union are projects and contracts to which the national legislation on public procurement, deriving from the EU Directives apply.

**“Public sector projects”** and **“public contracts”** outside EU/EEA are projects and contracts

- a) which are financed by a grant from a trust fund administered by NIB and extended to or guaranteed by a national, regional or local government, or a national, regional or local public entity or instrumentality of the country in question; or
- b) which are implemented by or on behalf of utilities<sup>2</sup> majority owned by a national, regional or local government, or a national, regional or local public entity or instrumentality of the country in question, other than such utilities operated by concessionaires who were awarded their concession following competitive tendering procedures acceptable to the Bank, and which in the Bank’s judgement are operating autonomously and are subject to bankruptcy and insolvency law; or
- c) which are implemented by or on behalf of a national, regional or local government or a national, regional or local public entity or instrumentality of the country in question or enterprises majority beneficially controlled by any of them, other than such enterprises that in the Bank’s judgement are operating autonomously in a competitive market environment and are subject to bankruptcy or insolvency law.

**“Private sector projects”** are projects that are not “public sector projects”.

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<sup>1</sup> NIB’s member countries are Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden (Iceland and Norway are members of the European Economic Area (EEA) while the others are also members of the EU).

<sup>2</sup> Utilities” are authorities or entities, whether public or private, which directly provide or operate networks intended to provide a service to the public in water, waste water, electricity, gas, heat, telecommunications or public transport.

**“Contractor”, “supplier” and “service provider”** mean any natural or legal person or public entity or group of such persons and/or bodies which offers on the market, respectively, the execution of works, supply of goods or provision of services.

**“Economic operator”** covers equally the concepts of contractor, supplier, service provider and consultant. Economic operators may be individuals, firms or public entities or associations between those.

An economic operator who has submitted a tender shall be designated a “tenderer”. One which has sought an invitation to take part in a restricted or negotiated procedure or a competitive dialogue shall be designated a “candidate”.

**“Consultant”** is provider of services of an intellectual or advisory nature, often related to studies or preparation, design and implementation of projects.

**“Consultancy services”** are services provided by Consultants.

The terms **“open procedures”, “restricted procedures”, “competitive dialogue”** and **“negotiated procedures”** have the meaning defined by the legislations of NIB member countries which derive from the EU Directives on procurement.

## 1 Introduction

These Guidelines shall apply to procurement financed by grants from trust funds administered by NIB, to the extent that they do not conflict with agreements or other legal documentation governing such a trust fund.

These Guidelines apply specifically to the contracts identified for financing from a trust fund administered by NIB. However, in order to ensure transparency in the procurement process and overall feasibility of the project, it is the Bank’s policy to require that procurement of other contracts or pertaining to other project components does not compromise the project’s technical, economic, financial, institutional and environmental viability.

The Guidelines are applicable for both public sector projects and private sector projects. Major parts of these Guidelines concern public sector projects outside NIB’s member countries and the European Union and private sector projects irrespective of location. Some sections are specifically applicable for public sector projects within member countries of NIB and EU.

The purpose of these Procurement Guidelines is to inform those involved in a project or contract to receive grant financing from a trust fund administered by NIB of the procedures to be followed in procuring works, goods and services required for the project.

Chapter II of the Guidelines are directed to Beneficiaries who carry out procurement of goods, works or services (except consultancy services) with grants from trust funds administered by NIB. Chapter III of the Guidelines are directed to Beneficiaries and NIB staff, who carry out procurement of consultancy services financed by grants from trust funds administered by NIB.

These Guidelines are not intended to be full treatment of the subject and to cover all possible procurement cases. Therefore all those carrying out procurement financed by grants from trust funds administered by NIB are expected to acquaint themselves with widely recognised best procurement practices reflected in the directives of the EU and guidelines of other international financing institutions and multilateral development agencies.

These Guidelines will be updated as deemed necessary by the Bank.

## **2 Main principles and policies of the Bank**

### **2.1 Mission and strategy**

The Bank promotes sustainable growth by providing long-term complementary loans or guarantees based on sound banking principles, to projects that improve competitiveness and the environment of the Nordic and Baltic countries. Moreover, the Bank assesses the environmental aspects of all its loans and guarantees.

While the main focus of NIB's activities is on its membership area, the Bank also operates in selected non-member countries in the Baltic Sea region and emerging markets where a mutual interest is identified.

In addition to or in parallel with its lending activities, NIB is entrusted by Donors with grant resources (trust funds) to be used for purposes aligned with or furthering NIB's lending activities.

### **2.2 Bank's policy on procurement**

Aligned with its mission, NIB emphasizes economy, efficiency, transparency and accountability in both public and private sector projects. Sound procurement policies and practices are an integral part of this concept. Competition is the fundamental principle of good procurement practice. Rational and cost-effective use of funds requires that the works, goods and services procured are of appropriate quality, and acquired at competitive prices and in a timely manner.

In addition, equal treatment and non-discrimination of tenderers, transparency of the procurement process, and selection of the economically most advantageous offer are the guiding principles of good public procurement.

At the level of specific projects, the efficiency of the procurement process directly affects the costs and the time required for project execution and the ultimate performance of the project. Good procurement practices lead to significant time and money savings and help ensure successful project implementation and lending transactions.

The Bank's policy is that public sector contracts should normally be awarded on the basis of international competitive tendering. Contracts may be awarded on the basis of other procurement methods in specially justified cases or when contract values are expected to be below the prescribed thresholds for use of the international tender procedures.

As described in these Guidelines, in public sector projects located within NIB's member countries and the EU, the Bank requires that the applicable EU regulations on public procurement are complied with. In public sector projects located in other countries and in all private sector projects financed by grants from trust funds irrespective of location, the Bank requires that procurement practices are in line with those of the EU or international financing institutions, with the necessary procedural adaptations.

### **2.3 Environmental and social policies of the Bank**

NIB recognises that taking ecological and social aspects into account is part of good business and leads to sustainable development. The Bank promotes the application of best practices regarding environmental and social matters as set out in the Bank's Sustainability Policy and Guidelines. The Beneficiaries and others carrying out procurement financed by grants from trust funds administered by NIB, are responsible to ensure that projects financed comply with the environmental and social requirements of the Bank.

## 2.4 Co-financed projects

The Bank works in close cooperation with other international financial institutions (IFIs), multilateral and bilateral development agencies, export credit agencies, national financial institutions and commercial entities.

In **parallel co-financing**, separate project components or contracts are financed by separate financiers. In this case, the procedures adopted by each co-financier apply to those project components or contracts that it finances. However, the Bank may agree on a case by case basis to the application of other than these Procurement Guidelines to contracts financed from trust funds administered by the Bank.

In **joint co-financing**, separate financiers, with different procurement provisions agree to finance the same project, component or contract. When contracts are co-financed on a joint basis, NIB as administrator of trust funds, may agree that a co-financier's procurement guidelines can be applied.

## 2.5 Implementing agencies

If the Bank, with the explicit approval of the Donor(s), makes a grant from a trust fund administered by NIB available to be managed by another IFI (Implementing Agency), it requires such Implementing Agency to take all the requisite measures to ensure that the Beneficiaries procure the works, goods and services in accordance with applicable legal framework, in line with these Guidelines and following appropriate procedures in view of the circumstances, resulting to selection of the economically most advantageous option. It is the Bank's policy to require that such Implementing Agency applies procurement standards, policies and procedures equivalent to internationally accepted standards.

## 2.6 Eligibility for grants from a trust fund administered by NIB

The eligibility criteria for grant financed projects are set by the Donor(s) and reflected in the legal documents governing a trust fund. The eligibility criteria may thus be different for various trust funds administered by NIB.

It is the Bank's policy to require for public sector projects that the economic operators do not have conflict of interest in the procurement process resulting from: (i) family, business or other relation to the contracting entity or to an economic operator in another contract, (ii) being the economic operator in another contract in the same project, (iii) submission of more than one tender for the contract, or (iv) another type of conflicting interest.

Beneficiaries should furthermore ensure that the participation of a body governed by public law as a tenderer in a procedure for the award of a public contract does not cause any distortion of competition in relation to private tenderers.

It is also the Bank's policy to require that contracts awarded in **private sector projects** are negotiated on an arm's length basis and in the best financial interest of the project. Where the contracting entity or project promoter is related to an economic operator, the Bank may, at its discretion, in addition to other measures available, require proof that the costs are in line with current market prices, and that the contract conditions are fair and reasonable.

## 2.7 Advance contracting

In some cases it may be advantageous for a Beneficiary to procure and even sign a contract before the related grant from a trust fund administered by NIB has been approved and disbursed. Beneficiaries undertake such advance contracting at their own risk, and any concurrence by the Bank with the procedures, documentation, or application for a grant does not commit the Bank to make financing available from a trust fund for the project in question. Before financing for such

contracts from a trust fund is approved, the Bank is entitled to satisfy itself through post review of the procurement documents, decisions and the contract that the procurement procedures have been consistent with the policies and terms governing the trust fund and that the contract is acceptable from that point of view.

## **2.8 Roles of the Bank and the Beneficiary**

### **2.8.1 Procurement by Beneficiaries**

Beneficiaries who receive grants from trust funds administered by NIB, are fully responsible for implementing the project, in particular for all aspects of the procurement process, from drafting pre-selection and tender documents and awarding contracts through to implementing contracts, in accordance with the agreed procedures.

The rights and obligations of the Beneficiary vis-à-vis the tenderers for goods, works and services to be furnished for the project will be governed by the applicable legislation and the tender documents issued by the Beneficiary and not by these Guidelines or the grant agreement.

When the Beneficiary carries out the procurement, the Bank is not a party to the resulting contracts. Depending on what is set out in the documents governing the trust fund, the Bank may or may not be required to carry out prior review of documents and decisions and provide 'No Objections' to shortlists, tender documents, evaluation reports, award decisions or contracts.

However, the Bank (as the fund manager) is entitled to, at its discretion from time to time, to choose to participate more extensively in the procurement process of Beneficiaries.

As part of its standard monitoring and oversight, or resulting from a complaint or finding, the Bank may require post review of the Beneficiary's procurement procedures, documents and decisions to be carried out to verify that agreed and sound procurement practices have been followed and that the resulting contracts are acceptable to the Bank.

Beneficiaries should note that in the cases when the Bank does not carry out prior review of the procurement documents and decisions, higher requirements are set for the Beneficiary's procurement skills and capabilities compared to a situation where the Bank's interim reviews would guide the process.

In the contracts or disputes, the Bank shall not be named as an arbitrator or be asked to name an arbitrator.

### **2.8.2 Procurement by the Bank**

The role of the Bank when carrying out procurement of consultancy services financed by grants from trust funds administered by NIB, is described in Chapter III.

## **2.9 Complaints**

In case of projects in the EU/EEA, it is the role of the relevant national and EU authorities to handle any procurement complaints against the Beneficiary. Outside the EU/EEA, the relevant national legislation shall apply and national authorities are to handle any procurement complaints against the Beneficiary. The Bank is not a party to such complaints.

With regard to the privileges and immunities accorded to the Bank as an international organisation, national authorities do not have jurisdiction to handle any procurement complaints against the Bank. This is also the case when the Bank itself carries out procurement financed from trust funds that it administers. Consequently the Bank has established its own complaints mechanism to

deal with any complaints against the Bank in relation to procurement activities related to trust funds administered by NIB.

Procurement complaints against the Bank shall be made in writing and be handled by the Trust Fund Committee established by the Bank.

## **2.10 Ethical conduct and prohibited practices**

The Bank requires that all persons, including Beneficiaries as well as tenderers, contractors, suppliers, service providers and consultants involved in procurement financed with grants from trust funds administered by NIB, observe the highest standard of transparency and integrity during the procurement, contracting and implementation of such projects and contracts and, are not and have not been involved in prohibited practices.

In this respect, the Bank requires that each tenderer and economic operator must sign a Covenant of Integrity.

Prohibited practices are defined in the grant agreement and in various policies, declarations, resolutions and guidelines of the Bank available at NIB website ([www.nib.int](http://www.nib.int)). Prohibited practices include i.a. fraudulent and corrupt practices, money laundering and financing of terrorist activities. The Bank reserves the right to take all appropriate actions in order to enforce these policies and requires that the Beneficiary shall cooperate with the Bank in any investigation into an alleged prohibited practice.

In case of any occurrence, or suspected occurrence, of a prohibited practice in the procurement, the Bank, in consultation with the Donor(s), may suspend financing for a project or a contract until the issue has been investigated and concluded. The Bank, in consultation with the Donor(s), may cancel all or part of the financing allocated for a project or a contract if it at any time determines that there is sufficient proof that the Beneficiary or its representative, has engaged in any prohibited practice during the procurement process, the conclusion of the contract or the implementation of the project.

## **2.11 Misprocurement**

If the Bank at any time concludes that a contract has not been awarded in accordance with the agreed provisions of the grant agreement and these Guidelines or involves the engagement of a representative of the Beneficiary, or its representative or any other contracting party in prohibited practice, the Bank may declare misprocurement and cancel the portion of the grant that was allocated to the contract that has been misprocured. The Bank may, in addition, exercise other remedies provided for under the grant agreement or other applicable legal documentation.

# **II Guidelines for procurement of goods, works and services (except consultancy services)**

## **1 Projects within the EU and EEA**

### **1.1 Projects/Contracts to which EU Directives apply**

Within the Bank's member countries and EU member countries, procurement is covered by national legislation deriving from European Community Law, in particular EU Directives. National legislation constitutes the legal framework for procurement in these countries. It is the role of the relevant national and/or EU authorities to ensure that procurement is carried out in line with that legal framework. There is no need for any further guidelines from the Bank.

For those Beneficiaries who fall under the EU Directives on procurement, whether they are public or private institutions or companies, the Bank will:

- require the Beneficiary, at the project appraisal stage, to ensure that the applicable procurement Directives concerning competitive tendering, on the basis of fair and non-discriminatory terms are complied with under the project; one essential step is the publication of a Procurement Notice in the OJEU when this is required; and
- take further steps during project implementation, to the extent necessary, to control compliance with applicable procurement Directives in order to ensure the rational employment of the grant funds, protect the soundness of the project and reduce the risks involved.

## **1.2 Projects/Contracts to which EU Directives do not apply**

In all its operations, the Bank aims at the effective use of the resources administered by it and ensuring that the criteria of economy and efficiency are applied consistently.

Therefore also EU and EEA Beneficiaries (most frequently private) operating in sectors where EU Directives do not apply, shall follow suitable procurement procedures, ensuring an appropriate selection of works, goods and services offered at competitive prices and in a timely manner. Contracts awarded by these Beneficiaries must be negotiated impartially and accord with the project's best interests and by using competitive tendering methods.

Consequently these EU and EEA Beneficiaries of grants from trust funds administered by the Bank, shall apply what is stipulated in these Guidelines Chapter II sections 2- 3, with the necessary procedural or other adaptations.

## **2 Projects outside the EU and EEA**

### **2.1 Applicable procurement procedures**

#### **2.1.1 General**

The procurement procedures applicable to NIB trust fund Beneficiaries for projects/contracts outside the member countries of the Bank and EU comprise International Procurement Procedures deriving from the EU Directives and/or the procedures of international financing institutions and, National Procurement Procedures deriving from national legislation of the project country.

#### **2.1.2 International procurement procedures**

- **Open procedures** (or International Competitive Bidding (ICB) without prequalification) allow all interested economic operators to submit tenders. They involve international notification; clear and comprehensive tender documents; and fair and transparent tendering, evaluation and award practices.
- **Restricted procedures** (or ICB with prequalification or Limited Competitive Bidding) provide that only those candidates invited by the Beneficiary may submit tenders. The selection of candidates usually follows an international notification and a formal pre-qualification exercise. Restricted procedures are similar to open procedures regarding the tendering stage.
- **Competitive dialogue** is a procedure which may be used for particularly complex contracts. It is published internationally. The Beneficiary opens a dialogue with selected candidates in order to define the means best suited to satisfy his needs.

- **Negotiated procedures** (including also International Shopping and Direct Contracting) allow Beneficiaries to consult candidates of their choice and negotiate the terms of the contract with one or more of them.

### 2.1.3 National procurement procedures

For small contracts and particular works, other procedures may be more appropriate:

- **National competitive bidding** usually involves publication in the local press and follows the normal procedures of the country of the Beneficiary/project. Tender documents are normally in the official language(s) of the country; and the national currency is generally used for the purposes of tendering and payments.
- **National Shopping** and **direct contracting** allow Beneficiaries to negotiate prices and other conditions with several local contractors or suppliers or only one of them.
- **Force account** (also called **direct labour**) may be the only practicable method for constructing some kinds of works, or providing the appropriate in-house services.

The threshold below which national procurement procedures can be used depend on the nature of the project, the experience of the Beneficiary and local conditions.

## 2.2 Selection of procurement procedures

In order to ensure economy, efficiency, non-discrimination and transparency, it is the Bank's policy as manager of trust funds, to require that, in all appropriate cases, contracts in public sector and private sector projects are procured following open or restricted procedures. Exceptions can be warranted on the grounds of special circumstances, relating to the nature of the project or the Beneficiary, the estimated value of the contract, or other factors peculiar to the context of the project. In all cases, the procedures adopted must be fully justified by the Beneficiary, acceptable to the Bank and the Donor(s) of the respective trust fund, and in the best interest of the project.

No proposed contract should be split up with the intention of evading the application of international competitive procedures. In particular, splitting the works in several small contracts with the only purpose of favouring domestic contractors is not acceptable to the Bank, unless the Beneficiary can prove that this would be more advantageous for the objectives of economy and efficiency of project implementation.

To these ends, the Bank requires Beneficiaries of grants from trust funds to adopt appropriate procurement procedures consistent with the following principles:

- **Open procedures** are the most common form of procurement for contracts for works, goods and services (other than consultancy services).
- **Restricted procedures** are recommended for large or complex contracts warranting pre-qualification of contractors or suppliers,
- **Competitive dialogue** may be used for particularly complex contracts.
- **Negotiated procedures** may be used in exceptional cases for works, goods and services.
- **National competitive bidding** may be appropriate for contracts, which, by their size, nature or scope, are unlikely to attract foreign competition.
- **Shopping and Direct contracting** may be appropriate for procuring small value standard goods and if only one contractor or supplier can fulfil a contract in a satisfactory manner and at the most advantageous cost.

The Bank does not accept conditions of tendering or contracting, which require mandatory joint ventures or other forms of mandatory association between firms including mandatory involvement of local firms. If eligible foreign firms wish to participate in national procedures, they must be allowed to do so.

The thresholds for use of various procurement procedures for goods, works and services (except consultancy services) are defined in Annex 2.

### **3 Open procedure and Restricted procedure for contracts outside EU/EEA**

#### **3.1 General aspects**

The normal process for public sector procurement involves the following steps:

- a) notification of opportunities for tendering;
- b) prequalification where appropriate;
- c) invitation to tender and issuance of tender documents;
- d) receipt of tenders, evaluation of tenders and contract award; and
- e) contract administration.

The extent of the process and specific procedures to be followed for each step will depend on the method of tendering that is used.

When following open or restricted procedures, Beneficiaries should take note of the provisions set out below.

#### **3.2 Notices**

Notices shall be published on the Beneficiary's own website and the official government procurement portal, where practical, or in a newspaper with wide circulation in the Beneficiary's country or in official gazettes or international trade publications, as appropriate.

In case of supply, works and services contracts for which international advertising is required (see Annex 2), the notices for prequalification and tendering shall be advertised at least in the Official Journal of the European Union, on the website of NIB and on the procurement portal of the Beneficiary, if any. In addition, when justified, the notices shall be advertised in other international procurement portals (for example UNDB), official government procurement portal of the Project country (if any), international trade publications, professional newspapers/magazines, official gazettes and in newspapers with wide circulation in the Project country.

For contracts below the threshold for international advertising, the notices should be published at least on the website of NIB, on the procurement portal of the Beneficiary, if any, and in newspapers with wide circulation in the Project country

Early in the project cycle, the Beneficiary shall issue a General Procurement Notice (GPN) that advises the business community about the coming business opportunities.

Prequalification and tender notices (Invitation to submit expressions of interest for prequalification and Invitation to Tender or Specific Procurement Notice) for individual contracts shall follow the GPN and be advertised as soon as the related documents are ready. Notices shall also be sent to potential tenderers who have expressed interest in response to the General Procurement Notice.

Tender and pre-qualification notices, invitations to tender and/or tender documents shall provide sufficient time for the potential tenderers to respond to the invitation and prepare and submit their documents/tenders.

### **3.3 Pre-qualification**

In restricted procedures, the Beneficiary selects those candidates that will be invited to submit tenders. The pre-qualification factors should be based on the capability and resources of the prospective tenderers to perform the particular contract. Later at the tender evaluation stage, prequalified tenderers should usually not be rejected due to insufficient capability and resources unless there have been real changes in their qualifications during the period from pre-selection to tender evaluation.

### **3.4 Tender documents**

Tender documents are the basis for informing potential tenderers of the requirements to supply specific goods and services or to construct works, so they must furnish all information necessary to permit tenderers to submit responsive tenders. Tender documents shall be drafted so as to permit and encourage international competition. They shall clearly define the works, goods or services required, the rights and obligations of the Beneficiary and of economic operators, the conditions to be met in order for a tender to be declared responsive, and the requirements of the capabilities and resources of the tenderer to be qualified for award of the contract.

Usually the tender documents should include

- Invitation to Tender;
- Instructions to Tenderers (including evaluation and qualification criteria);
- Forms of Tender and Tender Security;
- General Conditions of Contract;
- Special Conditions of Contract;
- Forms of Contract Agreement, Advance Payment Guarantee, Performance Security;
- Schedule of Requirements including, as applicable, Technical Specifications, Schedule of Activities, Bills of Quantities, Drawings, Scope of Services, Terms of Reference, etc.;

Beneficiaries may be allowed to use tender documents including conditions of contracts originating from their country's legislation, but they are encouraged to use, with necessary modifications, internationally recognised standard procurement documents such as those prepared by the European Bank for Reconstruction and Development, the World Bank, or FIDIC.

The time allowed for the preparation and submission of bids shall be determined in the tender documents with due consideration of the particular circumstances of the project and the magnitude and complexity of the contract. Generally, not less than 6 (six) weeks from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, shall be allowed for Open and Restricted procedures, not less than 4 (weeks) for National competitive bidding and not less than 2 (two) weeks for Shopping. Where large works or complex items of equipment are involved, this period shall generally be not less than 12 (twelve) weeks to enable prospective bidders to conduct investigations before submitting their bids.

### **3.5 Language**

For international procurement procedures, the procurement notice, pre-qualification documents (if any), tender documents, the tender evaluation report and the contract documents should be prepared in English or another major international language. For national procurement procedures, the documents may be prepared in the national language(s) of the Beneficiary/project country or a language used nation-wide in the Beneficiary's country for commercial transactions.

In all cases, all documents required by the Bank for review purposes shall be submitted to the Bank in English. In the event of a procurement complaint, the Bank may require certified translations to English of the relevant documents.

### **3.6 Standards and specifications**

Beneficiaries shall use international standards and specifications wherever these are available and appropriate. If particular national or other standards are used, the tender documents shall state that other standards that ensure equivalent or higher quality or performance than the specified standard would also be accepted.

The use of brand names or other designations that would discriminate among suppliers should be avoided. If they are necessary to clarify the nature of the product requirements, the tender documents shall state that products of equal or higher quality would be acceptable.

### **3.7 Tender prices**

When a Beneficiary calls a tender for the supply of goods, tender prices should be requested on the basis of appropriate and internationally recognised delivery terms such as relevant Incoterms. Beneficiaries should ensure that the evaluated prices have the same basis regarding the total costs to the purchaser including also, as applicable, the cost of freight, transport, insurance, clearing, forwarding, import duties, taxes, installation, training, etc.

The tender prices for works and services contracts are usually requested inclusive of all duties, taxes and other levies, applicable at a set date prior to submission of tenders.

### **3.8 Currency**

Beneficiaries may wish to restrict the tender currency to a specific, internationally tradable currency or allow tendering in the currency or currencies selected by the tenderer. Beneficiaries may also require tenderers to state the local cost portion of a tender in the local currency.

Payment under the contract will be made in the currency or currencies of the tender unless there are exceptional reasons acceptable to the Bank to use other currency or currencies.

### **3.9 Local preference**

The documents governing the trust fund administered by NIB, regulate whether preference may or may not be given to tenders for works, goods or services originating from the Beneficiary's country.

### **3.10 Tender evaluation criteria**

The evaluation and comparison/selection criteria must be indicated in the tender notice and quantified in the tender documents. The evaluation criteria specified in the tender documents must be applied in the evaluation of tenders in whole, without omission or addition. In case no criterion is indicated in the tender documents, the lowest price criteria only will apply.

The comparison of tenders and selection of the winning tender for works, goods and services other than consultancy services may be based on:

- the lowest priced of the compliant and technically responsive tenders; or
- the economically most advantageous of the compliant and technically responsive tenders, applying a number of criteria adapted to the contract in question: e.g. price, payment terms and financing, construction or delivery period, technical performance, technical expertise and capability of the tenderer, technical compatibility with other equipment, availability of service and spare parts, operating costs, maintenance costs, etc.

Financing proposals can only be considered if the tender documents specifically request such proposals and include a clear methodology to evaluate them. As financial cost for the comparison of tenders, the method will usually consist of calculating the present cost of the flow of

expenditures incurred by each financing proposal. In addition, the Bank recommends that tenderers are required to make also an alternative proposal without financing.

### **3.11 Opening of tenders**

In public sector projects, tenders and associated documents are to be opened in public, in the presence of representatives of tenderers who wish to attend, as soon as practicable after the deadline for submission of tenders. Tenders arriving after the deadline are not to be opened but are rejected and returned unopened to the tenderers.

At the opening of tenders for works, goods and services (other than consultancy services), at least the following must be read out aloud and recorded in the minutes of the tender opening: the names of the tenderers; the amount of each tender including special conditions, rebates and variants if any, and withdrawals, alterations and substitutions of tenders received before the deadline.

### **3.12 Confidentiality**

The evaluation process up to the award of the contract must be confidential. If at this stage, a tenderer wishes to bring additional information to the notice of the Purchaser/Employer, of the Bank, or both, it must do so in writing. Also requests for clarification from Purchaser/Employer at the evaluation stage to the tenderers and responses of the tenderers shall be made in writing, in hard copy or by a safe electronic system.

### **3.13 Evaluation of tenders and qualification of tenderers**

Tenders for works, goods and services (other than consultancy services) are evaluated in respect of their administrative and technical compliance and responsiveness while the tenderers are evaluated in respect of their eligibility, capability and resources, using the requirements, criteria and conditions set out in the tender documents. Non-compliant and non-responsive tenders and tenders from ineligible and unqualified tenderers are rejected and not passed to price comparison.

Finally, compliant and responsive tenders from eligible and qualified tenderers are subjected to correction of arithmetic errors and to lowest price or best value comparison of tender prices, resulting to recommendation for the award of the contract to the winning tenderer.

Unsolicited financing offers should not be considered in the evaluation of tenders.

The Beneficiary shall prepare a tender evaluation report describing all the relevant steps and findings of the evaluation and comparison of tenders.

In case of unsatisfactory response from all tenderers, the Beneficiary should consult the Bank before rejecting all tenders and moving to re-bidding.

### **3.14 Award of contract**

After having concluded the evaluation, the Beneficiary shall notify the winning tenderer and the other tenderers and shall proceed to finalisation of contract documents and signing of the contract. Immediately after the signature of the contract, the Beneficiary is encouraged to publish an award notice in the same media where the tender notice was published.

### **3.15 Complaints**

The Beneficiary shall inform the Bank of any complaints received by him or, to his knowledge, by relevant authorities in the Beneficiary's country, concerning procurement under his NIB trust fund - financed project and of the progress of handling such complaints.

## 4 Bank review (for both public and private sector projects)

The Bank carries out prior review of the Beneficiary's procurement documents, decisions and contracts to the extent so stipulated in the legal documents governing the trust funds administered by NIB. The same applies to the Bank's post review of procurements carried out by the Beneficiaries.

In any project receiving grants from a trust fund administered by NIB, the Bank is entitled, at any time during or after the procurement process, and without specifying the reason, to request the Beneficiary to submit any procurement related document or contract for the Bank's review. The Beneficiary shall respond to such request without delay. Consequently the Beneficiaries are obliged to keep comprehensive records and archives of all documents related to procurement of contracts financed from trust funds administered by the Bank.

## III Guidelines for procurement of consultancy services by the Beneficiaries and by the Bank

### 1. General

This chapter covers selection and employment of consultants for services in projects financed by grants from trust funds administered by NIB. Main principles and policies described in Chapter I of these guidelines fully apply to this type of procurement as well. The procurement of consultancy services may be carried out by the Beneficiary of the grant or by NIB acting as the client on behalf of the Beneficiary or on its own account.

The main concern when choosing consultants should be the quality of the services that are provided. The procedures for selecting consultants and contracting for their services must be flexible and transparent to ensure that assignments can be efficiently executed with high standards of performance, while providing the necessary accountability. The procedures described below shall be followed to the extent that they do not conflict with the agreements for the use of trust funds.

### 2. Consultant Selection Procedures and Methods

The most commonly applicable group of procurement procedures is:

**Restricted procedures:** request for proposals on the basis of a list that allows only consultants/experts invited by the promoter to submit a proposal, based on international call for expressions of interest.

Among the various selection methods under the Restricted procedures, the most common selection method is **Quality- and Cost-based Selection (QCBS)**

The other selection methods under the Restricted procedures that may be justified in certain cases include: Quality-based Selection (QBS), Selection under a Fixed Budget (FBS) and Least Cost Selection (LCS)

**Negotiated procedures** with the list of candidates established directly by the Client may be acceptable for contracts of lower value or under special circumstances. The short-list is established by using the Client's experience, contacts and/or consultants register.

Among the various selection methods under the Negotiated procedures, the most common selection method is again **Quality- and Cost-based Selection (QCBS)** while QBS, FBS and LCS may also be applicable for certain types of contracts.

For lower cost contracts **Selection Based on Consultant's Qualifications (CQS)** may be the best applicable method. The selection method is based on an evaluation of the short-listed firms' proven experience and current expertise related to the assignment, without a requirement that the firms submit specific proposals for carrying out the assignment.

**Single-source-selection (SSS)** may be acceptable under special circumstances.

The selection procedures and methods are described in Annex 3.

### 3. Choice of Selection Method

The selection method to be used for a specific contract shall be chosen in accordance with good procurement practices and shall be agreed upon between the Beneficiary and the Bank prior to starting the process.

Main thresholds for various methods are given in Annex 4.

Use of Single-source-selection method may be acceptable for the following reasons:

- the expertise sought is such that there are only a very few specialists in this field;
- the degree of urgency, duly justified, is such that there is no time for use of other methods;
- confidentiality and/or continuity are required;
- another procedure has already been conducted without producing any useful results;
- a consultant has been or is involved in the early phases of the project, such as feasibility or design studies, and it has been established that continuity is necessary and no additional advantage would be gained from pursuing competitive procedures; or
- the value of the contract is low.

## 4. Selection process

### 4.1 Steps

The selection process for consultants normally involves the following steps:

- a) defining the Terms of Reference, the scope, objectives and estimated budget, including any anticipated follow-on services and/or extensions, of the proposed assignment and determining the selection method to be followed;
- b) identifying consultants that are qualified to perform the required services and preparing a short list of qualified firms;
- c) inviting proposals from the short-listed firms;
- d) evaluating and comparing capabilities and proposals and selecting the preferred consultant;
- e) negotiating a contract with the selected consultant; and
- f) contract administration.

## **4.2 Short Lists**

The shortlists of pre-qualified candidates for QCBS, QBS, FBS and LCS must be drawn up by means of a request for expression of interest open to all consultants and advertised widely in international and/or local media as applicable.<sup>3</sup> The list of candidates for CQS can be established directly by the Beneficiary/Bank.

In case of consultancy contracts for which international shortlist of not less than five firms is required (see Annex 4), the request for expressions of interest shall be advertised at least in the Official Journal of the European Union, on the website of NIB and on the procurement portal of the Beneficiary, if any. In addition, when justified, the request for expressions of interest shall be advertised in other international procurement portals (for example UNDB), official government procurement portal of the Project country (if any), international trade publications, professional newspapers/magazines, official gazettes and in newspapers with wide circulation in the Project country.

The shortlist may comprise entirely of consultants from the Beneficiary's country when the estimated value of the contract is below the threshold defined in Annex 4 and when sufficient number of qualified local consultants is available and interested.

Short lists of consultants shall normally include no less than three and no more than six qualified and experienced consultants (individuals or firms, as the case may be but not both). The list shall normally comprise a wide geographic spread of consultants, including wherever possible at least one qualified consultant from one of the Bank's member countries/EU and normally no more than two from any one country.

Shortlists may not include consultants that have or would have, if awarded the contract, conflict of interest related to the assignment.

## **4.3 Language**

For international procurement procedures, the procurement and contract documents should be prepared in English or another major international language. For national procurement procedures, the documents may be prepared in the national language(s) of the Beneficiary/project country or a language used nation-wide in the Beneficiary's country for commercial transactions.

In all cases, all documents required by the Bank for review purposes shall be submitted to the Bank in English. In the event of a procurement complaint, the Bank may require certified translations to English of the relevant documents.

## **4.4 Request for Proposals**

The requests for proposals shall provide sufficient information to help the consultants to prepare and submit competitive proposals. The request for proposals shall usually include instructions to consultants for preparation and submission of proposals (including evaluation criteria), forms to be used for the proposals, terms of reference and the form and conditions of the intended contract. In preparation of the requests for proposals the Clients should make use of internationally recognised standard request for proposals documents.

The time allowed for the preparation and submission of proposals shall be determined in the Request for Proposals with due consideration of the circumstances of the project and the nature of the assignment. Generally, not less than 6 (six) weeks from the issue of the RFP shall be allowed for procedures with international shortlist of firms while not less than 4 (four) weeks may be acceptable for other procedures.

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<sup>3</sup> When the Bank conducts the procurement, Consultants are as a rule procured from within the Bank's member countries unless differently required by the Donor(s)

#### **4.5 Evaluation and Selection**

The evaluation of proposals shall be based on the factors/criteria specified, with their respective weights, in the request for proposals issued to consultants. Indicative factors/criteria are:

- international, regional and local experience;
- consultant's specific experience;
- understanding of the terms of reference and scope of the services;
- methodology proposed for the services;
- proposed work programme; and
- qualification and experience of key personnel proposed to render the services.

Depending on the characteristics of the task to be performed, price may be considered as a factor, but it should have a lower weight than the other factors as a whole. The most common ratio for weights of technical and financial merits of the proposals is 80/20.

When formal proposals have been requested, the consultant that submits the highest rated proposal should be invited to negotiate a contract with the Beneficiary/Bank.

The evaluation process up to the award of the contract must be confidential. If at this stage, a tenderer wishes to bring additional information to the notice of the Beneficiary or the Bank it must do so in writing. Also requests for clarification from the Beneficiary /Bank at the evaluation stage to the tenderers and responses of the tenderers shall be made in writing, in hard copy or by a safe electronic system.

#### **4.6 Contract Negotiations**

During contract negotiations the selected consultant's proposal may be modified by mutual agreement between the Beneficiary/Bank and the consultant. The Beneficiary/Bank shall indicate any changes that may be desirable in the scope of services and in the staffing proposed by the consultant, and appropriate adjustments in the price of services shall then be agreed. The Beneficiary must present draft final contract to the Bank for review before signing.

#### **4.7 Contract Administration**

The procuring entity i.e. the Beneficiary or the Bank, is responsible for managing and administering the consultant's work to ensure high performance standards, authorising payments, making contract changes as may be needed, resolving claims and disputes, ensuring timely and satisfactory completion of the assignment and evaluating the performance of consultants.

Before agreeing to any modifications or waiver of the terms and conditions of a contract or granting an extension of the stipulated time for performance (except in cases of extreme urgency brought about by unforeseeable events not attributable to the procuring entity), the Beneficiary may need to obtain the Bank's no objection to the proposed modification, waiver or extension.

## **5 Bank Review**

The Bank carries out prior review of the Beneficiary's procurement documents, decisions and contracts to the extent so stipulated in the legal documents governing the trust funds administered by NIB. The same applies to the Bank's post review of procurements carried out by the Beneficiaries.

In any project receiving grants from a trust fund administered by NIB, the Bank is entitled, at any time during or after the procurement process, and without specifying the reason, to request the Beneficiary to submit any procurement related document or contract for the Bank's review. The Beneficiary shall respond to such request without delay. Consequently the Beneficiaries are obliged to keep comprehensive records and archives of all documents related to procurement of contracts financed from trust funds administered by the Bank.

The Bank reviews may cover the terms of reference, the short-listing report, the request for proposals, the technical evaluation report, combined technical and financial evaluation report and the draft consultant's contract.

The non-objection or comments sent by the Bank to the Beneficiary in the course of the procurement process are based on the information provided by the Beneficiary and do not relieve him of his entire responsibility regarding procurement. In particular, the Bank may review its position in the light of new information which might come to its knowledge after it has given its opinion on a specific aspect of the process.

## **6 Publication of procurement results**

The Bank expects that the Beneficiary publishes, immediately after the signature of the contract, an award notice in the same media where the tender notice was published. The notice should describe contract awarded, the name and nationality of the party to which the contract was awarded, the contract price, and the names of short listed consultants who participated in the selection process leading to such contract award.

The Bank shall publish on a periodical basis a description of contracts awarded, the names and nationalities of the parties to which the contracts were awarded, the contract prices, and the names of short listed consultants who participated in the selection processes.

# Annex 1

## COVENANT OF INTEGRITY

to the Purchaser/Client/ Employer/NIB

from a Tenderer/Contractor/Supplier/Service Provider/Consultant

to be attached to its tender

(or to the contract in the case of a negotiated procedure)

"We declare and covenant that neither we nor anyone, including any of our directors, employees, agents, joint venture partners or sub-contractors ("the Parties"), where these exist, acting on our behalf with due authority or with our knowledge or consent, or facilitated by us, has engaged, or will engage, in any Prohibited Practices (as defined below) in connection with the tendering process or in the execution or supply of any works, goods or services for [*specify the contract or tender invitation*] (the "**Contract**") and covenant to so inform you if any instance of any such Prohibited Practices shall come to the attention of any person in our organisation having responsibility for ensuring compliance with this Covenant.

We shall, for the duration of the tender process and, if we are successful in our tender, for the duration of the Contract, appoint and maintain in office an officer, to whom you shall have full and immediate access, having the duty, and the necessary powers, to ensure compliance with this Covenant.

If any of the Parties, where these exist and as applicable, have (i) been convicted in any court of any offence involving a Prohibited Practices in connection with any tendering process or provision of works, goods or services during the five years immediately preceding the date of this Covenant, or (ii) have been dismissed or resigned from any employment on the grounds of being implicated in any Prohibited Practices, or (iii) have been, excluded from participation in a tendering procedure on the grounds of Prohibited Practices by Nordic Investment Bank (NIB) or by national or EU Institutions or any major Multi-lateral Development Bank, we shall give details of any event in (i)-(iii) above together with details of the measures that we have taken, or shall take, to ensure that no Party will commit any Prohibited Practices in connection with the Contract [*give details if necessary*].

In the event that we are awarded the Contract, we grant Purchaser/Client/ the Employer, NIB and auditors appointed by either of them, as well as any authority or body having competence under relevant legislation, the right of inspection of our records and those of all our sub-contractors under the Contract. We accept to preserve these records generally in accordance with applicable law but in any case for at least six years from the date of performance of the Contract."

For the purpose of this Covenant, "Prohibited Practices" includes:

- **Corrupt Practice** is the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- **Fraudulent Practice** is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- **Coercive Practice** is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party to influence improperly the actions of a party.
- **Collusive Practice** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party
- **Obstructive Practice** is (a) deliberately destroying, falsifying, altering or concealing of evidence material to an investigation related to the Contract; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to such investigation or from pursuing the investigation, or (b) acts intended to materially impede the exercise of NIB's contractual rights of audit or access to information or the rights that any relevant authority has in accordance with any law, regulation or treaty;
- **Money Laundering** is (i) the conversion or transfer of property, knowing that such property is derived from criminal activity or participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such activity to evade the legal consequences of his action;

(ii) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from participation in such activity;

(iii) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from participation in such activity;

(iv) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling any of the actions mentioned in the foregoing points.

g. **Financing of terrorism** is the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the offences within the meaning of Articles 1 to 4 of the Council of the European Union Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism.

Date

Signature

Name and position

for and on behalf of

Name of the firm or joint venture

*Note: When so required by NIB this Covenant must be sent to the Bank together with a copy of the contract documents. In other cases, it must be kept by the Beneficiary and available upon request from NIB. The Covenant is not mandatory for contracts awarded prior to involvement of a Trust Fund administered by NIB in the project. Nevertheless, promoters who are seeking or may seek financing for a project from a Trust Fund administered by NIB are advised to include it in order to promote integrity among the tenderers/contractors. This is particularly relevant in the case of a Beneficiary who has already implemented previous projects financed by a Trust Fund managed by NIB and who is considering such further financing.*

## Annex 2

### THRESHOLDS FOR USE OF VARIOUS PROCUREMENT PROCEDURES FOR GOODS, WORKS AND SERVICES (EXCEPT CONSULTANCY SERVICES)

Unless otherwise defined in the agreement governing the trust fund, the following thresholds shall be used in selection of the procurement procedures.

#### 1. Supply Contracts and Service Contracts

##### 1.1 Contracts of €300,000 and above (excl. VAT)

Contracts of € 300,000 and above must be awarded based on Open or Restricted Procedures following international publication of the Invitation for Bids.

##### 1.2 Contracts between €100,000 and less than €300,000 (excl. VAT)

Such contracts can be awarded based on National Competitive Bidding published locally but allowing eligible suppliers from any country to participate.

##### 1.3 Contracts of less than €100,000 but more than €60,000 (excl. VAT)

Such contracts can be awarded by means of Shopping, in which the Beneficiary consults at least three suppliers of its choice and negotiates the terms of the contract with one or more of them.

##### 1.4 Contracts of €60,000 or less (excl. VAT)

For supply contracts of € 60,000 or less, the procedures established by the Beneficiary may be used, while respecting the rules and principles laid down in Chapter I of the Procurement Guidelines.

#### 2. Works Contracts

##### 2.1 Contracts of €5,000,000 or more (excl. VAT)

Works contracts of € 5,000,000 or more must be awarded based on Open or Restricted Procedures following international publication of the Invitation for Bids.

##### 2.2 Contracts of between €300,000 and less than €5,000,000 (excl. VAT)

Such contracts can be awarded based on National Competitive Bidding published locally but allowing eligible contractors from any country to participate.

##### 2.3 Contracts of less than €300,000 but more than €60,000 (excl. VAT)

Such contracts can be awarded based Shopping in which the Beneficiary consults at least three contractors of its choice and negotiates the terms of the contract with one or more of them.

##### 2.4 Contracts of €60,000 or less (excl. VAT)

For works contracts of €60,000 or less, the procedures established by the Beneficiary may be used, while respecting the rules and principles laid down in Chapter I of the Procurement Guidelines.

## Annex 3

### BRIEF DESCRIPTION OF THE SELECTION METHODS

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

QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

The selection process shall include the following steps:

- a. preparation of the TOR;
- b. preparation of cost estimate and the budget, and short-listing criteria;
- c. advertising;
- d. preparation of the short list of consultants;
- e. preparation and issuance of the RFP (which should include: the Letter of Invitation (LOI), Instructions to Consultants (ITC), the TOR, and the proposed draft contract);
- f. receipt of proposals;
- g. evaluation of technical proposals: consideration of quality;
- h. public opening of financial proposals;
- i. evaluation of financial proposal;
- j. final evaluation of quality and cost; and
- k. negotiations and award of the contract to the selected firm.

The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, including any Bank reviews and no objection, is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

#### Quality-Based Selection (QBS)

QBS is appropriate for the following types of assignments:

(a) complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals; (b) assignments that have a high downstream impact and in which the objective is to have the best experts; and (c) assignments that can be carried out in substantially different ways, such that proposals will not be comparable.

In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated time of key experts, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.

If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Beneficiary shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The Beneficiary and the consultant shall then negotiate the financial proposal and the contract. All other aspects of the selection process shall be identical to those of QCBS. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that

the financial proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded.

Selection under a Fixed Budget (FBS)

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. The TOR should be particularly well-prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. The RFP shall clearly indicate whether the budget includes taxes or levies payable in the Beneficiary country, and the price of any inputs provided by the client. The evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the financial proposals shall be opened. Proposals that exceed the indicated budget shall be rejected. The consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

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

This method is generally appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a "minimum" qualifying mark for the "quality" is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest shall be opened. The firm with the lowest price shall then be selected. Under this method, the minimum qualifying mark shall be established, understanding that all proposals above the minimum compete only on "cost". The minimum qualifying mark shall be stated in the RFP.

### **Selection Based on the Consultants' Qualifications (CQS)**

This method may be used for small assignments or emergency situations for which the need for issuing an RFP, and preparing and evaluating competitive proposals is not justified. In such cases, the Beneficiary shall prepare the TOR and obtain expressions of interest that include information on their experience and qualifications, eventually through an REOI as may be needed, from as many firms as possible, and at least three qualified firms with relevant experience. Firms having the required experience and competence relevant to the assignment shall be assessed and compared, and the best qualified and experienced firm shall be selected. Only the selected firm shall be asked to submit a combined technical and financial proposal and, if such proposal is responsive and acceptable, be invited to negotiate a contract. Both technical and financial aspects of the proposal may be negotiated. If the negotiations fail with the selected firm, the procedure can be repeated with the firm ranked second.

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

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The justification for single-source selection shall be examined in the context of the overall interests of the client and the project, and the Bank's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants.

If SSS is acceptable, the Beneficiary is not required to issue an RFP and shall submit to the Bank for its review and no objection the TOR of the assignment, a sufficiently detailed justification including the rationale for single-source selection instead of a competitive selection process, and the basis for recommending a particular firm.

## Annex 4

### THRESHOLDS FOR USE OF VARIOUS SELECTION METHODS FOR CONSULTANCY SERVICES

Unless otherwise defined in the agreement or other legal documents governing the trust fund<sup>4</sup>, the following thresholds shall be used for the various selection methods.

#### **1.1 Contracts of €300,000 and above (excl. VAT)**

Consultancy Services contracts of € 300,000 (excl. VAT) and above must be awarded on the basis of QCBS, QBS, FBS or LCS method among not less than five firms on an international shortlist, following publication of a request for expressions of interest.

#### **1.2 Contracts of €150,000 or more but less than €300,000 (excl. VAT)**

Such contracts can be awarded on the basis of Quality- and Cost-based Selection among not less than three firms on a shortlist prepared without publication of a request for expressions of interest,

#### **1.3 Contracts of €60,000 of more but less than €150,000 (excl. VAT)**

Such contracts can be awarded using Selection Based on Consultant's Qualifications, in which the Beneficiary/Client consults at least three firms of its choice and negotiates the terms of the contract with one or more of them. If the estimated contract value is less than € 100,000 the shortlist may comprise entirely of consultants from the Client's country if sufficient number of qualified consultants are available and interested.

#### **1.4 Contracts of less than €60,000 (excl. VAT)**

For Consulting Services of a value of less than € 60,000 the procedures established by the Beneficiary/Client may be used, while respecting the rules and principles laid down in Chapter I of the Procurement Guidelines.

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<sup>4</sup> The thresholds may thus vary in different trust funds administered by NIB