New IsDB Project Procurement Guidelines
Rationale and Key Changes
2019
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2. Rationale for Revising the Guidelines

3. Key Changes: Overview

1. Introduction

The Project Procurement Guidelines

The Guidelines for Procurement of Goods and Works

Guidelines for Procurement of Consultant Services
2. Rationale for Revising the Guidelines

Nowadays: Extensive Exchanges Involving All Stakeholders
- Market Knowledge
- Knowledge of project needs
- Results oriented
- Professional judgment and flexibility
- Efficiency and transparency

Execution and Supervision
- Much Heavier Capacity Building to EA
- Reinforced Capacity to Declare Misprocurement (AUDIT)
- Robust IT solution to include All Procurement Packages

Preparation
- Operations design
- Procurement strategy
- Fit for Purpose

Approval
- Post Review
- Project by Project Basis
- Value For Money

Trend in MDBs Current Procurement Reforms

Prior Focus of MDBs
- Prominent Prior Review
- Strictly Relies on Guidelines
- Low Capacity Building of EA

Nowadays: Extensive Exchanges Involving All Stakeholders
- Market Knowledge
- Knowledge of project needs
- Results oriented
- Professional judgment and flexibility
- Efficiency and transparency

Professionalization of the Procurement Function

More Realization That Project Procurement Is Not A Cost Center

Risk Based Approach in Procurement

...!!...Risk Based Approach in Procurement...!!...
2. Rationale for Revising the Guidelines

- Some Articles No Longer Relevant Today
- Some Cases Encountered in Projects Not Handled

- New Procurement Arrangements Emerged
- Requests for Waivers Are Increasing ...

- Procurement Capacity of MCs Have Increased
- Requests for Focusing on Prior Review for High Value & Risk Contracts
3. Key Changes: Overview

- **Policy**
  - Updated Suite of Standard Procurement Documents (MANDATORY BUT CAN BE CUSTOMIZED)
  - 17 New Guidance Notes (RECOMMENDED)

- **Procedures**

- **Guidance Notes**

- **Standard Procurement Documents**

**Policy + Procedures = GUIDELINES (MANDATORY)**
3. Key Changes: Overview

GUIDANCE NOTES: To Clarify and Explain Important Topics in the Guidelines

1. Procurement Related Complaints Handling
2. Non-Compliance
3. Procurement Plan / Strategy Document
4. Prior and Post Review
5. E-Procurement
6. Abnormally Low Tenders - ALT
7. Advanced Contracting and Retroactive Financing
8. Selection of Consultants
9. Eligibility
10. Joint Ventures and Other Types of Association
11. Hands-On Implementation Support
12. Procurement in Fragile and Conflict Affected States
3. Key Changes: Overview

GUIDANCE NOTES: To Clarify and Explain Important Topics in the Guidelines

13. Conflict of Interest and Unfair Competitive Advantage

14. New Procurement Approaches

15. Alternative Procurement Arrangements

16. PPP and Other Types of Private Sector Methods

17. Gender Consideration, Social and Sustainable Public Procurement
3. Key Changes: Overview

NEW SUITE OF STANDARD PROCUREMENT DOCUMENTS

Sample
- REOI
- PS & PP Templates
- GPN
- SPN

SBD for
- Procurement of Plant
- Procurement of Goods
- SBD Works - Major Works
- SBD Works Smaller Contracts

Standard
- Shopping Document for Procurement of Works and Goods
- Pre-qualification Document
- Standard RFP Selection of Consultants
- RFP Financial Auditing

Evaluation
- St Evaluation Report Consultants
- St Evaluation Report Goods and Works

Users’ Guides
- User’s Guide For PQD for Proc of Works
- User’s Guide for SBD Major Works

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Key Implications of the Revised Procurement Policies

1- Better Procurement Approach
- Tailored to Country & markets
- Project based
- Upfront planning (PP)
- Results focus (PS)
- Fit for Purpose (FfP)
- Value for Money (VfM)

2- Faster Delivery And Effective Results
- Tailored to project objectives
- More focus on high value
- Prior and Post review
- Risk based approach over the entire delivery cycle
- Enhanced NCB method
- Stand-still period for better complaint handling (key for private sector involvement)

3- Resources Targeted More Efficiently
- Capacity building & UCS
- Recognition of “alternative procurement arrangements”
- professional judgement

4- Modern Systems & Processes
- Aligned with MDBs
- Allows ACG Members Rules
- Introduce e-Gproc., BAFO, Hands-On, Fragility, PPP...
- Guidance Notes (17) to complement the New Policies & Procedures (“Guidelines”)

Introduction of Value for money and Fit for purpose approach in procurement operations

These overarching principles will aid the ability of the Beneficiaries to achieve sustainable development

Value for Money (VfM)

Obtaining the optimum benefits with the effective, efficient, and economic use of resources

VfM may be applied to any type of procurement i.e. Works, Goods, Consulting and Non-consulting Services

Value for Money (VfM)

VfM is considered at all stages of the Procurement Process.

**Concept of Fit for Purpose**

1. Applies to procurement processes, contracts arrangements and the intended development outcomes.

2. Most appropriate approach to meet the project development objectives and outcomes.

3. Undertaking a sufficient level of procurement planning, selecting an appropriate procurement process and contract arrangement which is proportional to the size, complexity and value of the development project.

4. Avoid overcomplicating simple procurements, and putting sufficient safeguards in place for complex procurements.

Concept of Fit for Purpose

- Procurement under IsDB

Beneficiary

Domestic (National) firms

International firms (Member Country {MC} only or Open)

Core Procurement Principles

Which Selection method will be used?

- Quality Cost Based (QCBS)
- Fixed Budget Based (FBBS)
- Least Cost Based (LCBS)
- Quality Based (QBS)
- Consultant’s Qualification (CQBS)
- Direct Selection
- Individual Consultants (IC)

Fit-for-Purpose options for selection of Consulting Services

Concept of Fit for Purpose

- Procurement under IsDB
  - Beneficiary
  - Domestic (National) firms
  - International firms (Member Country{MC} only or Open)

Core Procurement Principles

Which procurement method will be used?

- International Competitive Bidding (Open)
- International Competitive Bidding/MC
- Limited International Bidding
- National Competitive Bidding
- Shopping
- Direct Contracting
- Post or Pre Qualification
- Single Stage / Two Stage

Concept of Fit for Purpose

EXAMPLE: Fit-for-purpose Procurement method for Goods, Works and Non-consulting Services

General rule

Applying international competition may be appropriate when the participation of foreign firms:

1. will increase competition, and
2. may lead to best Value for Money [VfM].

Bank’s preferred approach

International competition (Limited to Member Countries) is the Bank’s preferred approach for contracts that are:

1. complex
2. high-risk and/or high-value

Core procurement principles

- Economy
- Efficiency
- Fairness
- Effectiveness

Beneficiaries

VfM

FfP

Core Procurement principles

- **Address the needs**
  - Economy
  - means that pricing of Goods, Works, Consultant Services and/or related services, expends the minimum amount of resources to obtain the agreed level of output;

- **Ensure competition**

**Beneficiaries**

- VfM
- FfP

**Economy**

Core procurement principles

- Appropriate Specification
- Systematic evaluation

Efficiency

is the appropriate management (primarily in relation to time and cost) of a given amount of resources to obtain the agreed level of output;

Core procurement principles

- Impartial specification
- Market driven

Means a process that is transparent and impartial

Fairness

Core procurement principles

- Clear requirements
- Responsive Criteria
- Achievement of Desired Outcomes

Effectiveness

Refers to the achievement of specific outcomes, taking into account the Beneficiary’s development objectives for the particular IsDB financed project.

**Procurement Plan**

Procurement plan and strategy are fundamental prerequisites for project implementation success, the new guidelines provide separate provisions that introduce clarity and visibility in this regard.

A sound procurement plan will show how:

- Research and planning add value to sourcing
- Effective and efficient implementation supports results
- Collaborative cross-disciplinary teams/teamwork lead to strong solutions
- Good governance and project management ensures delivery on time; budget and to specification
- Professionalism and ethics support due process, accountability and transparency.
- A procurement plan serves as a catalyst for realistic completion projections and swifter disbursements.

**eProcurement**

- The introduction of provisions on **e-Procurement**, will increase flexibility and provide opportunity for Beneficiaries to use their own e-procurement platforms in procurement of Goods and Works, as well as in the selection of consultants, under IsDB financing. The use of e-procurement, if found satisfactory by the Bank, will potentially increase transparency and shorten the procurement cycle.

**Abnormally Low Tenders**

- The introduction of provisions on **Abnormally Low Tenders-ALT** will give guidance on how to deal with bids which are found to be the most technically responsive but are significantly below the estimated cost. Such bids can now be properly assessed and rejected, if deemed appropriate.

Prior and Post Review

• The current provisions for Prior and Post Review are revised to set clear distinction between prior and post review of procurement process by the Bank, in line with the other MDBs. It would significantly increase flexibility, rationalization and prioritization of the use of IsDB’s resources.

Procurement of Commodities

• The introduction of provisions on Procurement of Commodities will streamline the process for procurement of commodities such as grains, animal feed and fertilizers, common in IsDB financing.

Procurement under Disaster and Emergency assistance

- The introduction of provisions on **Procurement under Disaster and Emergency Assistance**, including the possibility for **Hands-on-Support** to enhance implementation support, allow greater flexibility for Procurement of Goods, Works or related services, under disaster and emergency situation. These Policies would make it possible for immediate response to such urgent needs.

Best and Final Offer (BAFO)

- The introduction of provisions on **Best and Final Offer (BAFO)** in the presence of a Probity Assurance Provider, makes it possible under specific conditions for Beneficiaries to include appropriate clauses in bidding documents allowing discussions with substantially qualified bidders in order to grant them a final opportunity to provide “their best and final offers”.

Co-Financing and Partnership

• introduction of new provisions on Co-Financing and Partnership will increase clarity, harmonization and facilitates joint co-financing, particularly with regards IsDB’s collaboration with the Arab Coordination Group members

Standstill Period

• A mandatory period will be instituted following the notification of an award decision intention via official publication. The purpose is to allow unsuccessful bidders to challenge the award decision before the contract is signed while keeping the period for complaints to be lodged within a reasonable period.

Publication and Advertising

This requirement has changed from international recognized newspapers, to internet media sources.

The new requirements stipulate that the advertisements for the respective procurement notice (GPN, IFP, SPN, REOI... etc).

The internet media sources required are:

- UN development business
- DG Market
- IsDB website
- MC beneficiaries websites
Thanks!