



# Selection of Supplier for Goods under Islamic Development Bank Financing



# Agenda

Introduction

Step 1: Draft Bidding Documents

Step 2: Advertisement & Preparation of Bids

Step 3: Receipt of Bids & Bid Opening

Step 4: Bid Evaluation Report & Recommendation

Step 5: Notification of Intention to Award & Contract Award



# Introduction

Goods include consumables; equipment; machinery; vehicles; commodities; raw materials and related services such as transportation, insurance, installation, training and initial maintenance.

## Principles of ICB

### ❖ Wide and timely notification of ICB bidding opportunities

- General Procurement Notice(GPN) and
- Specific Procurement Notice (SPN)

### ❖ Equal opportunity

- Reasonable time for bid submission. Generally not less than 6 weeks; 8-12 weeks for large contracts

### ❖ Fair conditions of contract

- Standard Bidding Documents



# Introduction

## Principles of ICB

### Broad Specification

- Separation of mandatory and desirable specifications compliance of International standards
- Avoid references to brand names

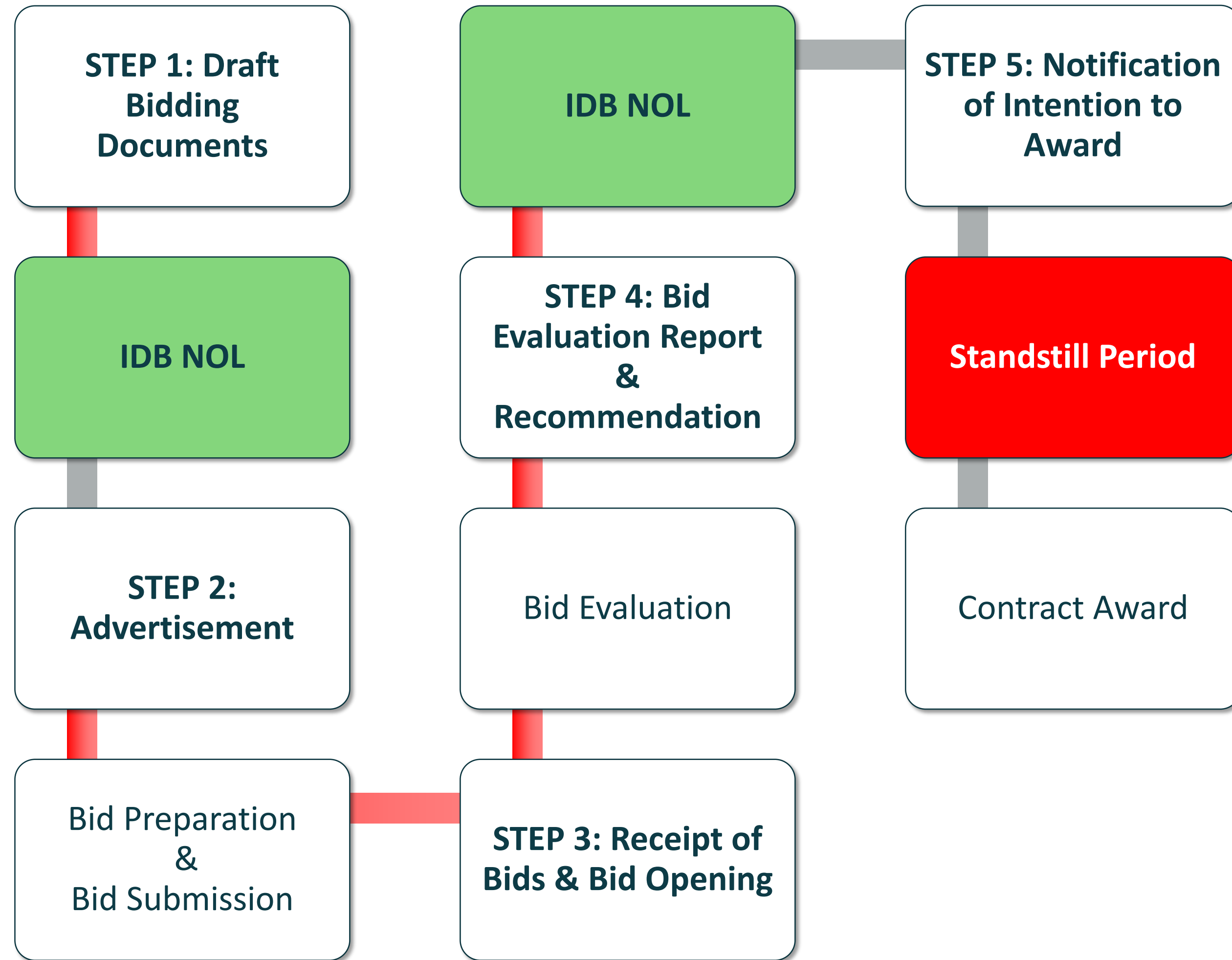
### Equal treatment to bidders

- Disclose evaluation criteria in the bid document
- Apply the criteria without discrimination

### Award to Bidder with maximum Value for Money (VfM)



# Five Steps in Supplier Selection Process ( based on ICB/MC )



# Step 1: Draft Bidding Documents

## Preparation of BDs based on:

- Type of Contract- lump sum; unit rate;
- Scope of Contract- Supply of Equipment; vehicles; commodities or Supply & Installation
- Division into lots;
- Standard BD for Goods to be used, and includes: ITB; BDS; CoC; Specifications..etc.



# Step 1: Draft Bidding Documents

## Before Bids are invited, the Beneficiary shall furnish to IsDB for its comments

- The draft Bidding Documents, including the invitation to Bid, Instructions to Bidders (ITBs), BDS.
- The basis of the Bid evaluation and contract award.
- The proposed conditions of contract.
- The specifications for the supply of Goods, or installation of equipment.
- Advertising procedures to be followed.
- Beneficiary shall make such modifications to the Bidding Documents as IsDB shall reasonably request.

Any further modification shall require **IsDB No-Objection** before the Bidding Documents are issued to prospective Bidders.



# Step 1: Draft Bidding Documents

## Salient Aspects of SBD - Clarity and Consistency

- ❖ Clear and comprehensive instructions to encourage competition
  - Performance requirements
  - Environmental constraints
  - Design and technical scope requirements
  - Location and sites
  - Warranty and maintenance requirements
  - Test and quality conformity
  - Standards





# Step 1: Draft Bidding Documents

## Salient Aspects of SBD - Clarity and Consistency

- Ensure consistency between different sections of SBD
- Quantifiable factors for evaluation
- Avoid redundant information
- ◇ Ensure specifications are in simple language and will be understood by Bidders.
  - Schedule pre-bid conference to provide clarity, if necessary
  - Amendment/modifications to be sent to each recipient of bidding documents



# Step 1: Draft Bidding Documents

## ❖ Salient Aspects of SBD – Specifications and Standards

- Internationally accepted standards (ISO, ASTM, DIN)
- National codes applicable
- Acceptance of substantial equivalence of national standards
- Brand names not acceptable
- Reference to “or equivalent” specifications, if required

## ❖ Technical Specifications

- Sufficiently explicit to foster broadest possible competition
- Differentiate performance Vs. technical characteristics
- Attach properties composition (physical/chemical)
- Requirement should Facilitate evaluation process
- No prejudice for any bidder



# Step 1: Draft Bidding Documents

## Salient Aspects of SBD - Pricing

### ❖ Goods

- CIP (place of destination) for goods manufactured abroad including previously imported: *Mandatory*
- EXW (ex-factory/off-the-self) plus inland transportation and insurance to place of destination for goods manufactured and assembled in the Beneficiary's country: *Mandatory*
- FOB/CFR/FCA: (prices exclude custom/import/other levies on finished goods) *Optional*
- ❖ Goods from within the purchaser's country – ex works (ex factory, ex warehouse, off the shelf)
- ❖ Goods from abroad (CIF, CIP, FOB, FCA, CFR, CPT); inland transportation and insurance if requested.



# Step 1: Draft Bidding Documents

## Salient Aspects of SBD – Pricing Bid Currency

### ❖ Principles

- Bidders have opportunity to minimize any exchange risk on currency of bid and payment
- Bidders in weak currency country have option to use stronger currency
- Fairness and transparency in the evaluation process

### ❖ Goods/Supply and Installation

- Beneficiary may require bidders to state local costs in the currency of Beneficiary
- Bidder have option to state foreign currency amounts in any currency but not more than three foreign currencies.



# Step 1: Draft Bidding Documents

## Salient Aspects of SBD – Transportation and Insurance

### ❖ Transportation

- Suppliers/Contractors have option to arrange transportation from any eligible source
- For FCA/FOB/CIF contracts, the Beneficiary makes own arrangement for transportation to the place of destination

### ❖ Insurance

- Suppliers/Contractors have option to arrange insurance from eligible source
- For CPT contracts, the Beneficiary makes own arrangements for insurance to the place of destination



# Step 1: Draft Bidding Documents

## Salient Aspects of SBD – Insurance

In case of Beneficiary making insurance arrangements, evidence must be submitted by the Beneficiary to the Bank that resources are available for payment in freely convertible currency of any indemnities to replace lost or damaged goods

### ❖ Insurance Value

- Goods – At least 110% of contract amount – all risk policy
- Type and terms of insurance must be included in the bidding documents



# Step 1: Draft Bidding Documents

## Salient Aspects of SBD -Payment Terms

### ❖ Goods

- Down payment (Except small contracts)
- Payment on proof of shipment
- Payment through letter of credit
- Payment after installation/acceptance/commissioning
- Bank guarantee for warranty period



# Step 2: Advertisement, Bid Preparation & Bid Submission

Adequate advertisement should be made so that potential Bidders are informed in a timely manner of the opportunity to Bid.

**Notification and advertising shall be done in two steps. [GPN & SPN]**

## ❖ GPN

- Beneficiary shall launch a General Procurement Notice (GPN). For ICB, on IsDB's external website, UNDB Online or DgMarket websites.
- This is in addition to advertisement on the Beneficiary's Government's respective web portal and, other publicly available internationally accessible mediums of wide distribution.
- The GPN shall contain all information concerning the Beneficiary, the scope and purpose of the project and the amount, the name, telephone and email address of the Beneficiary's Procurement Officer responsible for the procurement, and the website address, if available.





# Step 2: Advertisement, Bid Preparation & Bid Submission

## ❖ SPN

- Beneficiaries shall issue a Specific Procurement Notice (SPN) to advertise the invitations to Bid when the Bidding Documents are available for interested Bidders.
- In the same manner as for the GPN The SPN shall indicate where the Bidding Documents can be obtained and the bid closing date(s).

## ❖ Languages

The international aspect of IsDB is important and it shall be assured that the media sources are selected in at least **one** of IsDB's **three** working languages (**Arabic, English or French**), which ensures maximum competition.



# Step 2: Advertisement, Bid Preparation & Bid Submission

## Bid Submission

### ❖ Period for Bid Preparation

- Standard bidding contracts: Minimum 6 weeks from date of invitation for bid or date of availability of bidding documents, whichever is later
- Large/complex bidding contracts: Minimum 12 weeks
- Mode of bid submission
  - Hand
  - Mail
  - Electronic



# Step 2: Advertisement, Bid Preparation & Bid Submission

- **Bid submission includes:**
  - Technical bid
  - Commercial bid
  - Bid security (if required)
  
  - Qualification information
  - Information about sub-contractors/suppliers
  - Evidence of eligibility



# Step 3: Receipt of Bids & Bid Opening

## ❖ Principles

- Time and date for bid opening be same as for deadline for bid submission, or promptly thereafter
- Bid opening in public with bidders allowed to be present (in person or online, if electronic bidding)
- Public announcement of each bidder's name, total bid price, presence of bid security, discount and any alternative if allowed (online posting with electronic bidding)
- Recording of bid opening with a copy sent to the Bank and the bidders
- Bids submitted after closing deadline shall be returned unopened
- Bids not opened and read out shall not be considered for evaluation



# Step 4: Bid Evaluation Report & Recommendation

## Procedures for bid examination & evaluation for Advertising

Objective: Secure goods/services at most economical cost

### • Factors

❖ Price

❖ Commercial

- Time of delivery/completion
- Terms of payment
- Terms of warranty

❖ Technical

- Operating cost
- Maintenance cost
- Depreciated value
- Service and spare parts
- Training



# Step 4: Bid Evaluation Report & Recommendation

## • Evaluation Criteria

- Must be stated explicitly in bidding documents
- Factors quantifiable in monetary terms

## • Confidentiality

- No disclosure of bids information after bid opening until award
- No permission to alter bids after bid submission deadline
- Any clarification sought for evaluation should not lead to change of substance or price of bids
- Request for clarification and bidders' responses shall be in writing or by electronic system satisfactory to the Bank



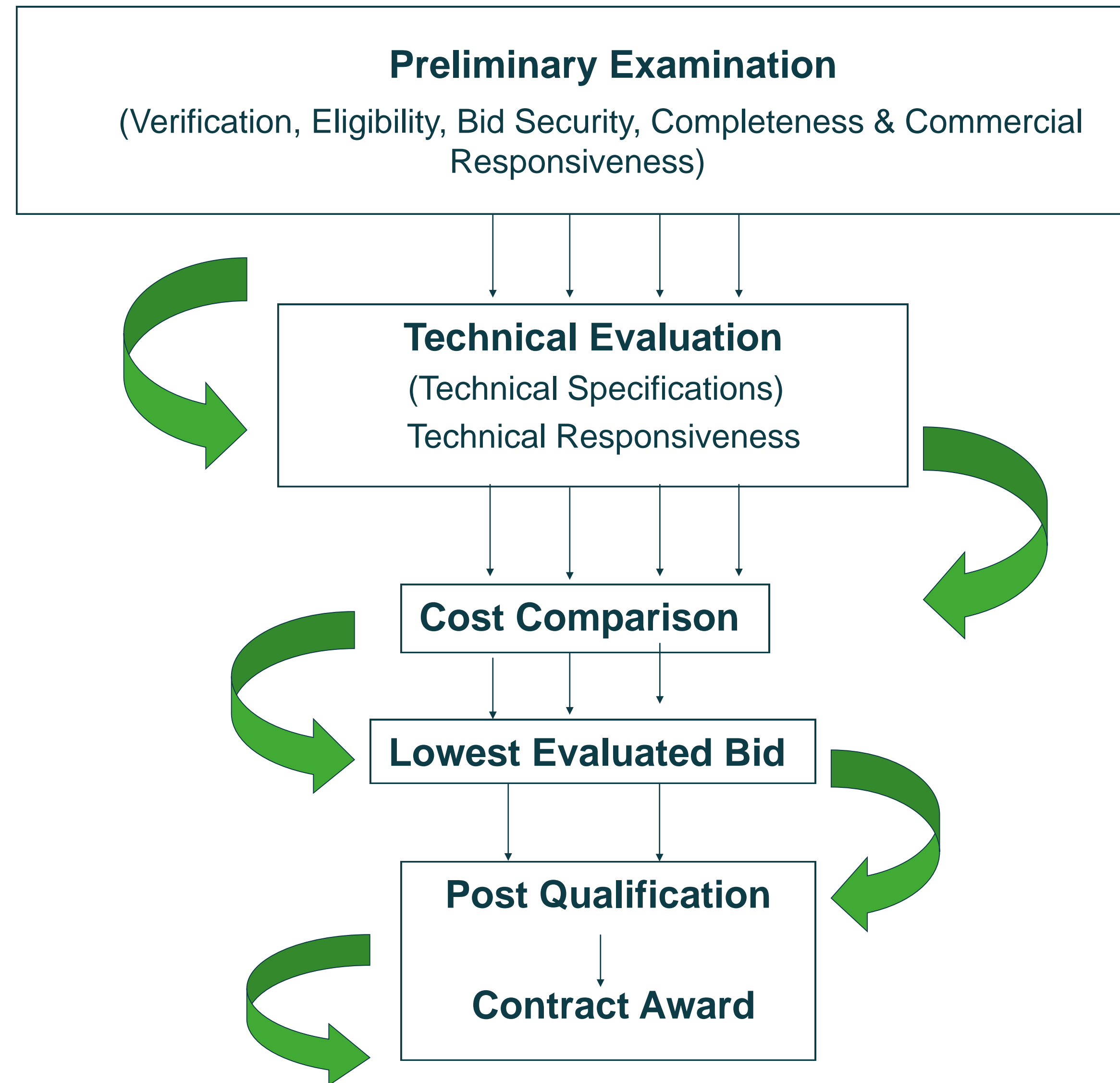
# Step 4: Bid Evaluation Report & Recommendation

- **Confidentiality**

- No clarification meetings permitted
- Request for clarification and bidders' responses shall be in writing or by electronic system satisfactory to the Bank



# Step 4: Bid Evaluation Report & Recommendation





# Step 4: Bid Evaluation Report & Recommendation

## Preliminary Examination

- **Verification**

- Signature of Bid Form (bidder, joint venture)
- Validity of bid
- Documents (authorization signature, manufacturers, joint venture declaration, documents)

- **Eligibility**

- Bids from pre-qualified bidders
- Government owned enterprise
- Conflict of interest
- Eligible under sanction policy



# Step 4: Bid Evaluation Report & Recommendation

## Preliminary Examination (continued)

- Bid Security (if required)
  - Original attached to bid
  - Contents consistent with the sample form
  - Issue of security in the name of Beneficiary/bidder (JV)
  - Value and period consistent with requirements



# Step 4: Bid Evaluation Report & Recommendation

## • Completeness

Partial bid? Partial quantities? Missing prices? Corrections? Missing pages?

## ❖ Commercial Responsiveness

- Acceptance of obligations and liabilities (performance guarantee, liquidated damages, insurance coverage, etc)
- Exceptions to critical provisions (applicable law, duties and taxes, dispute resolution procedure)
- Conditional bid ?
- Meeting conditions (schedule, payment terms, etc.)

## ❖ Technical Responsiveness

- Specifications Compliance of Majors Items Meeting Technical Requirements

**Result: Acceptance for technical examination**



# Step 4: Bid Evaluation Report & Recommendation

## Technical Examination

- Responsiveness to specifications (degree of equivalence to design/product)
- Phasing of scope of work or delivery schedule
- Degree of sub-contracting in comparison to requirements
- Deviations to critical requirements
- Minor omissions for adjustments



# Step 4: Bid Evaluation Report & Recommendation

## Unacceptable Deviations

- Late bid
- Unsigned bid
- Inadequate bid security
- Different prequalified firms and bidders
- Different price conditions
- Unacceptable alternative, timing and phasing
- Unacceptable sub-contracting
- Qualification of arbitration rules
- Unacceptable applicable law



# Step 4: Bid Evaluation Report & Recommendation

## Acceptable Deviations

- Different payment terms
- Minor omissions
- Computational errors [correction of errors binding on bidder]
- Consideration of contingencies, provisional sums,
- modifications to bid and discounts (submitted before bid opening)



# Step 4: Bid Evaluation Report & Recommendation

## Cost Comparison

### ❖ Objective

- To determine lowest evaluated bid on date specified

### ❖ Bid Price

- Established at bid opening in different currencies

### ❖ Common Currency

- Beneficiary's currency or any other specified in the bidding documents

### ❖ Exchange Rate

- Selling exchange rate for similar transactions
- Official source specified in the bidding documents (Central Bank) Internationally circulated newspaper (Financial Times)



# Step 4: Bid Evaluation Report & Recommendation

## Procedures for bid examination & evaluation

### Clarification of bids

- For the purpose of Bid evaluation, the Beneficiary may need to ask clarifications from Bidders.
- Requests for clarification and Bidder's responses shall be made in writing only and any discrepancies noted shall be recorded in the Bid Evaluation Report





# Step 4: Bid Evaluation Report & Recommendation

## Procedures for bid examination & evaluation

### Post-qualification

- The Beneficiary shall carry out a post-qualification of the Bidder whose Bid has been determined to offer maximum VfM, in order to verify that the Bidder has the capability and resources to effectively carry out the contract as offered in the Bid.
- The criteria for such post-qualification: Bidder's relevant experience, financial position, technical staff, and network of after-sales service, and if the Bidder does not meet them, the Bid shall be rejected.
- In such an event, the Beneficiary shall select the next Bid that offers the next best VfM.



# Step 4: Bid Evaluation Report & Recommendation

## Extension of validity

- Beneficiaries shall complete evaluation of Bids and award of contract within the initial period of Bid validity.
- If necessary an extension of Bid validity shall be requested in writing from all Bidders before the expiration date stated in the Bidding Documents.
- In the case of fixed price contracts, requests for 2<sup>nd</sup> and subsequent extensions will be permissible only if an appropriate adjustment mechanism of the quoted price is provided for cost of inputs for the contract over the period of extension.



# Step 4: Bid Evaluation Report & Recommendation

## Rejection of bids & re-bidding

- Bidding Documents shall provide that Beneficiaries may reject all Bids.
- If the responsive Bid offers VfM which exceeds the Beneficiary's pre-Bid cost estimates by a substantial margin.
- Alternatively, the Beneficiary may consider a reduction in the scope and/or a reallocation of risk and responsibility which can be reflected in a reduction of the contract price.



# Step 4: Bid Evaluation Report & Recommendation

## Rejection of bids & re-bidding

- Following IsDB No-Objection, the Beneficiary may then negotiate with the Bidder offering maximum VfM to try to obtain a satisfactory contract on the basis of the revised terms and conditions.
- If the reduction exceeds 20% in the scope or modification to the Bidding Documents often requires re-Bidding to avoid ambiguities.



# Step 5: Notification of Intention & Contract Award

- Notification of Intention to Award
- Standstill Period
- Debriefing
- Negotiation
- BAFO
- Contract award and signature



# Step 5: Notification of Intention & Contract Award

## Notification of Intention to Award

The Beneficiary shall notify, each responsive Bidder of its intention to award a contract to the successful Bidder.

- ❖ The transmission of the Notification of Intention to Award activates the **Standstill Period**. The Notification of Intention to Award shall contain:
  - a. The successful Bidder's name, its address and the contract price
  - b. The names of all Bidders that submitted responsive Bids and their Bid price and evaluated price



# Step 5: Notification of Intention & Contract Award

## Notification of Intention to Award

- c. A brief statement, to each of the unsuccessful Bidders, of the reasons why it's Bid was unsuccessful. In no case shall any information provided by another Bidder in its Bid, on a confidential basis, be disclosed to any of the other Bidders
  
- d. Instructions on how to request a debriefing and/or submit a procurement-related complaint in relation to the decision to award the contract.



# Step 5: Notification of Intention & Contract Award

## Standstill Period

For each contract financed by IsDB, the Beneficiary shall include in the applicable Bidding Documents a Standstill Period (which shall be a minimum of ten (10) Business Days) between the date of transmission of the Notification of Intention to Award the contract and the contract signature. (which period may be extended due to debriefing).





# Step 5: Notification of Intention & Contract Award

## Debriefing

- An unsuccessful Bidder not satisfied on the results may seek a debriefing from the Beneficiary. The Beneficiary is required to provide a debriefing.
- The Standstill Period shall automatically be extended until 5 Business Days after such debriefing is provided.
- Where a request is received by the Beneficiary later than the 3 Business Days' deadline, shall not lead to an extension of the Standstill Period, but the Beneficiary should provide the debriefing as soon as practicable, and normally no later than 15 Business Days from the date of publication of Contract Award Notice.



# Step 5: Notification of Intention & Contract Award

## Debriefing

- The Bidder shall bear its own costs of attending a debriefing meeting.
- The debriefing shall not include: point-by-point comparisons with another Bidder's Bid; and information that is confidential or commercially sensitive to other Bidders.
- A written summary of each debriefing shall be included in the official procurement records, and copied to IsDB for contracts subject to Prior Review.



# Step 5: Notification of Intention & Contract Award

## Negotiation

- In international competitive procurement subject to Prior Review, IsDB may agree to the Beneficiary's use of negotiations following Bid evaluation and before final contract award.
- Any negotiation shall be in accordance with the requirements of the RFB.
- If negotiations are undertaken, they shall be held in the presence of a Probity Assurance Provider, agreed with IsDB.



# Step 5: Notification of Intention & Contract Award

## Negotiation

- Negotiations may involve terms and conditions, price, and/or social, environmental, and innovative aspects, as long as they do not change the minimum requirements of the Bid.
- The Beneficiary shall negotiate first with the Bidder that has been evaluated as offering maximum VfM.
- If the outcome is unsatisfactory or an agreement is not reached, the Beneficiary may then negotiate with the Bidder offering next best VfM, and so on down the list until a satisfactory outcome is achieved.



# Step 5: Notification of Intention & Contract Award

## Best and Final Offer [BAFO]

- In ICB subject to Prior Review, IsDB may agree to the Beneficiary's use of BAFO.
- BAFO is an option under which the Beneficiary invites Bidders that have submitted substantially responsive Bids to submit their BAFOs.
- It is appropriate when the procurement process would benefit from Bidders having a final opportunity to modify their Bids, including by reducing prices.



# Step 5: Notification of Intention & Contract Award

## The Beneficiary shall inform Bidders in the RFB document:

- If a BAFO is to be used
- That Bidders are not obliged to submit a BAFO
- That there will be no negotiation after the BAFO.
- If BAFO is to be applied, the Beneficiary shall engage the services of a Probity Assurance Provider, agreed with IsDB.



# Step 5: Notification of Intention & Contract Award

## Contract award and signature

- The award of contract is subject to IsDB No-Objection following the Standstill Period and shall be made, within the period of the validity of Bids.
- Such Bidder shall not be required, to modify its Bid as originally submitted.
- The Beneficiary shall furnish to IsDB a copy of the signed contract, together with the first request for disbursement and the performance guarantee.



# Step 5: Notification of Intention & Contract Award

## Contract Award Notice

- After the award of contract, the Beneficiary shall publish a Contract Award Notice on UNDB online or Dg Market website in addition to IsDB's external website.
- In the case of NCB, the contract award notice should be published using the same media as used for the SPN.
- The Contract Award Notice shall contain: The name and reference number of the contract being awarded; the name of the awardee; the subject matter of the contract; the value and duration of the contract.
- **A Prior Review contract awarded without IsDB No-Objection, shall not be eligible for IsDB Financing**







# Thanks!

## Any questions?

