



**DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

# **Revised Internal Purchasing Policy and Procedures**

# Contents

## Sections

<b>Section I – General Policy and Information – The Policy</b>	<b>1</b>
Purpose	1
Introduction	1
Objectives	2
Approach	2
Principles	2
Purchasing Methods and Thresholds	4
Exceptions	4
Ethical Behaviour	5
Disposal of Fixed Assets	5
<b>Section II – Purchasing Management – The Procedures</b>	<b>6</b>
Definitions	6
Planning	7
Early Notification	8
Purchasing Requests	9
Competitive Purchasing	9
Written Solicitation	10
Preparation of Documentation	11
Legal Status of the Bank	11
Price Adjustment	11
Open Tendering	12
Advertised Competition	12
Pre-Qualification	12
Mid-Tender Meeting	12
Opening and Inspection of Tenders	13
Changes to Tenders	13
Evaluation of Tenders	13
Rejection of Tenders	14
Award of Contract	14
Contract Administration	15
Debriefing Unsuccessful Tenderers	16
Complaints	16
Payment	16

## Annex

1	Terms of Reference of the Purchasing Review Committee	17
---	---	----

## Section I

### General Policy and Information – The Policy

#### Purpose

The Internal Purchasing Policy and Procedures (‘the Policy’) contained within this document is designed to ensure that the **purchase of all goods, services and works** required for the **satisfactory operation** of the **Bank Headquarters and Resident Offices** is handled in a **transparent, timely, efficient and effective manner** with due regard to international **purchasing best practice** and the needs of individual User Departments.

#### Introduction

The **Purchasing Unit** (‘PU’) located within the **Evaluation and Operational & Environmental Support Vice Presidency** has the functional **authority and responsibility** for **Bank internal purchasing**. The **Head of the Purchasing Unit** reports to the **Deputy Vice President Evaluation and Operational & Environmental Support**. The PU exercises its authority by monitoring compliance with the Policy and proposing to the Executive Committee the issuance of guidelines and manuals for the implementation of the Policy.

The Policy is the official purchasing policy of the Bank and sets out the **objectives**, overall **approach, key principles** and **procedures** for the acquisition of goods, services and works (**excluding consulting services**<sup>1</sup>) related specifically to the **Bank’s HQ operation** and that of its **Resident Offices**. It is the foundation upon which the purchasing activities of the Bank are based, and is expected to remain relatively independent of the changing technologies used to implement it. It is intended to **control, guide and serve as a reference text** to all staff authorised to perform, or involved in any way with, purchasing functions. Queries regarding its interpretation or implementation should be directed to the **Head of PU**.

For the avoidance of doubt, within the Policy, **purchasing** means the selection (and attendant processes) of contractors, suppliers, brokers, agents and dealers to supply specific goods or services for the Bank’s internal consumption together with the negotiation of terms and conditions of a contract; entering into contracts, and the administration and supervision of such contracts together with any ancillary financing agreement.

**Procedures**, to be followed by all staff, for the management of **tendering, purchasing**, and terms of reference for the Bank’s **Purchasing Review Committee (‘PRC’)** consistent with the Policy are contained in Section II – Purchasing Management (The Procedures) and in Annex 1.

Consistent with the Bank’s principles of budget and management accountability, User Department **managers are solely responsible for ensuring that funds are available** in their budgets to cover the purchase of administrative goods, services and works.

---

<sup>1</sup> The procedures for the Bank in selecting and contracting for consulting services are described in the Bank’s Procurement Policies and Rules, Section 5.

## Objectives

The fundamental goal for Bank internal purchasing is to obtain the **right products** and services for the stated purpose; at the **right time**, place and cost; in a manner that **balances the overall institutional requirements for economy, transparency and accountability** and **the needs of line management** for **flexibility** and **responsiveness** to their particular operational circumstances. This activity is accomplished with the **highest level of ethical standards** for **fair** and **equitable** treatment of suppliers providing goods and services to the Bank.

## Approach

The **centralised** handling of Bank internal purchasing within the PU is **necessary** and **justified** for the following reasons:

- It allows for application of **consistent levels of purchasing best practice** within the Policy;
- It makes best use of **purchasing staff experience** within the PU;
- It ensures internal **checks and balances are maintained** between User Departments and the PU;
- Purchasing of goods, works and services for the Bank as a whole will enable the PU to take advantage of **economies of scale** and potential for **standardisation** in use.

## Principles

1. The PU is responsible for the **formulation, evaluation and application** of procedures and practices covering the **purchasing and contracting** for goods, services and works for the Bank and ensuring that all purchasing is carried out in accordance with the Policy. The PU is also responsible for the procedures covering the disposal of fixed assets. Such coverage specifically **excludes** personal services in the nature of **employment contracts** and **engagement of consultants** over which the **Personnel Department** and **Consultancy Services Unit (CSU)** have authority. Also excluded are legal services over which the **Office of the General Counsel (OGC)** has authority.
2. The PU will work closely with User Departments to ensure that the Bank receives the **best value for money** in terms of such factors as **price, fitness for purpose, environmental efficiency, maintenance provisions, operating costs, guarantees, delivery and installation**, as well as terms and conditions of payment.
3. The respective **roles and accountabilities** of the **PU and User Departments** in terms of the process, ultimate authority and responsibility for a specific purchase, commitment or disposal shall be governed by the Policy.

4. A **Purchasing Review Committee** ('PRC') shall be appointed by the Vice President, Evaluation and Operational & Environmental Support, with representation from the Office of the General Counsel, Strategic and Corporate Planning & Budgeting Department, the Procurement Department and the PU. The Committee will review purchases which represent a cost to the Bank of **£150,000 or more** before commitment or award of a contract. The Committee will also carry out periodic reviews of selected purchasing activities not subject to the above criterion. **Terms of reference for the PRC can be found in Annex 1 to the Policy.**
5. At the planning stage for tenders, for contracts with a major impact on the Bank's business (such as health and life insurance, catering and travel services) the Executive Committee will be informed by User Departments to allow interested or affected departments to have input into the design of the Scope of Works to be included within the tender documentation and the Executive Committee to exercise its judgement on key purchasing issues. Contracts **above a level of £150,000** are considered per se as qualifying for such procedure.
6. All contracts estimated to cost **£5,000 or more** should normally be awarded as a result of **competition** in line with the methods and thresholds detailed below under the heading **Purchasing Methods and Thresholds**. Competition should be accomplished by issuing a **solicitation** to potential suppliers as detailed in Section II, "The Procedures".
7. Purchasing procedures giving autonomy and flexibility to User Departments will apply for purchases estimated to cost **less than £5,000**. Further details will be found in Section II.
8. For all purchases for contracts estimated to cost **£50,000 or more** a **Tender Evaluation Panel** (TEP) should be set up to evaluate tenderers' proposals. The Head of PU ensures that the TEP operates in **compliance with the Policy**.
9. The PU will provide **time standards**, including **response times** which should be incorporated within the **purchasing plans of User Departments**. Expedited procedures will be available when critical goods, works or services are **urgently required but should not be used to circumvent proper procedures** consistent with the Policy.
10. **Accountability** in terms of content, budget and usage of the purchased goods and services **remains fully with the User Departments**.
11. The PU will carry out **retrospective reviews of selected contract awards and implementation** on a regular basis.

## Purchasing Methods and Thresholds

Key: PU = Purchasing Unit; UGPO = User Generated Purchasing Order;  
TEP = Tender Evaluation Panel; PRC = Purchasing Review Committee

Contract Value £ (or equivalent)	Purchasing Methods	Purchase Order Authoriser	Form of Contract	TEP	PRC
less than 5,000	Audit trail (file) with details of costings obtained	User Department Only	SAP Purchase Order (UGPO)	✗	✗
5,000 or more and less than 20,000	3 fax offers	User Department and PU	SAP Purchase Order	✗	✗
20,000 or more and less than 50,000	Written solicitation (to minimum 3 suppliers)	User Department and PU	SAP Purchase Order and Standard contract	✗	✗
50,000 or more and less than 150,000	Selective tendering (to minimum 5 suppliers)	User Department and PU	SAP Purchase Order and Special contract	✓	✗
150,000 or more	Open tendering (with pre-qualification if appropriate) and advertising	User Department and PU	SAP Purchase Order and Special contract	✓	✓

## Exceptions

Exception to the purchasing methods above, including **direct contracting** without competition, may only be considered and approved **where fully justified** under any of the following criteria:

- **Standardisation of supplies or equipment** is determined to be important and justified which renders further competition impractical;
- The proposed contract relates **to specialised services or technical equipment** where the requesting department has made a qualitative judgement that the selected supplier is uniquely suited to carry out the work or furnish the equipment;
- When supplies or equipment are available under a **special discount arrangement** offering lower costs than commercially available. In such cases other commercial sources should be checked to verify that more beneficial pricing is not obtainable;
- **Extreme urgency** requires expedited processing.

In such circumstances, the **Head of PU must be satisfied** that the reasons given for an **exception from competitive purchasing are valid**, and may also obtain an **independent opinion** from the PRC in determining the validity of the direct contracting request. In all cases, decisions and approvals concerning direct contracting will be documented in the purchase order file. All exceptions to competitive purchasing for contracts estimated to cost **£50,000 or more** will be submitted to the PRC for review **prior to award of contract**. The PRC will be periodically informed of **all exceptions to competitive purchasing** for contracts estimated to cost between £5,000 and £50,000.

## Ethical Behaviour

All staff involved in purchasing activities or dealing with suppliers are **expected to be fully aware of the Bank's rules** on ethical behaviour incorporated in the *Code of Conduct, its Implementing Order No1*, and EBRD's *Outline for Ethical Behaviour*.

Any attempt by a supplier to gain an unethical advantage, such as the offer of a bribe or **inducement in any form** should be reported under the appropriate procedure. Staff are referred to the *Code of Conduct* and the *Procedures for Reporting Fraud and Suspected Fraud*.

The following general principles apply:

- No staff member is permitted to derive, directly or indirectly, any **personal advantage** from Bank purchases. The highest **ethical standards** must be observed at all times and staff should not put themselves in situations **whereby it could be construed** that their impartiality **has been or could be** compromised.
- Staff must act **fairly** and **objectively** and in the best interests of the Bank in conducting business with suppliers.
- Staff involved in purchasing decisions who have **outside interests** which are in actual or apparent **conflict** with the interests of the Bank, or who have close family members with such interests, **must withdraw from participation in purchasing decisions** so affected and **must declare their interests to their manager** and, as appropriate, under the *Code of Conduct*.
- **Gifts and entertainment** such as **sporting events**, or **cultural events**, or **meals involving spouses**, should **ordinarily be declined** in accordance with the provisions of the *Code of Conduct*.
- Staff must not make **personal purchases** through open **contract catalogues**, **Purchase Orders or contracts**, either for **themselves** or for **anyone else**. This restriction **does not prevent** Bank staff from buying goods from Bank suppliers, **through wholly separate arrangements**, at rates which are **not specifically favourable** to Bank staff.

## Disposal of Fixed Assets

The PU has the functional authority for disposal of the Bank's fixed assets. The PU exercises this authority through the issue of separate procedures and standards to sell or otherwise dispose of assets no longer required by the Bank in such a way as to maximise the return to the Bank in an efficient and cost effective manner.

## Section II

### Purchasing Management – The Procedures

#### Definitions

This section **defines** a variety of **specific terms** used within this document and describes the **various activities associated** with the **purchasing process**.

- **Goods** are **tangible products** that fall under a variety of commodity headings including, but not limited to: **stationery supplies, office equipment, furniture, computer hardware** and standard ‘off-the-shelf’ **software, audio-visual equipment, photocopiers, vehicles, etc.**
- **Services** are **non-tangible commodities** and can include major labour contracts such as **security, cleaning, catering, building maintenance, and complex** (‘bespoke’) **computer software development and installation**, as well as more incidental assistance in the form of **equipment rental, installation and repair, international mail delivery etc.**
- **Works** cover those activities where there will be **elements** of supply of **both goods and services** such as **office refurbishment, carpentry, electrical, and other works.**
- **Written Solicitation.** A written solicitation is a formal **competitive purchasing request** issued to prospective suppliers consisting of applicable documents to obtain tenders or proposals. This may consist of a Scope of Work, price sheet, questionnaire, proposed contract terms and conditions, format for submission of supplier response, weighting of evaluation criteria and any other necessary information.
- **Invitation to Tender (ITT).** An Invitation to Tender is a written solicitation used **when the requirement is clearly and completely specified** and the basis for award is primarily price.
- **Request for Proposal (RFP).** A Request for Proposal is a written solicitation used when the Bank wants the option of making an award following initial proposals and/or conducting discussions with the tenderers.
- A **Scope of Work** (sometimes called a Work Scope) or **Schedule of Requirements** defines the **contractual performance** required of suppliers and varies in format with the type and complexity of the goods, services or works being obtained. **Technical Specifications** are also used to state the Bank’s needs for the purchase of **specialised goods, services or works** which can be specified using **definitive quantitative standards** and specifications.



- **Tender Evaluation Panel (TEP).** A TEP is a committee which includes representatives of the User Department and other knowledgeable staff. The TEP is responsible for establishing evaluation weights and criteria included in a solicitation and for reviewing and evaluating the tenders accordingly.

NB: A pre-qualification panel similar to a TEP is established to evaluate responses received following an invitation for pre-qualification.

- **Purchase Order File.** An electronic purchase order (PO) must be created **for each purchase**, using the **SAP computerised commitment system** containing all of the **key data** relating to the purchase. Most purchases also have an associated **physical purchase order file**, which contains a **copy of the quotations or tenders received, the contract** and any **amendments, letters** to and from the supplier, notes of any relevant **PRC meetings** and other file notes and is **built up progressively** as the various steps in the purchasing process take place. It must be kept in an **orderly fashion** to allow for future access and availability for Internal Audit purposes.
- **Contract/Contract Amendment.** For the purpose of this Policy a Contract is a **legally enforceable** agreement between the Bank and the supplier which details the particular terms and conditions and technical specifications of the goods or details of the services to be purchased. It should be signed by both parties and once signed it should be altered only through a **Contract Amendment**.
- **Purchase Order/Purchase Order Amendment.** A Purchase Order is a simple contract with standard conditions. It is signed **only by the Bank**. Purchase Orders may be extended or changed through a **Purchase Order Amendment**.
- A **User Generated Purchasing Order (UGPO)** is a purchase order issued by the User Department for goods and services costing less than £5,000.
- **Commitment.** The budget **commitment** is the **maximum sum** which the **User Department authorises, through SAP**, to be spent on the purchase.

## Planning

**Sound planning** is **crucial** for the **successful implementation** of any purchasing activity, large or small. This is particularly relevant **where tenders** are involved.

There are two steps in forecasting the expected annual purchases for the Bank which are carried out during the annual budget preparation cycle:

- The estimation of a User Department's purchasing activity;
- The compilation of a Bank-wide purchasing needs assessment.

**User Departments are responsible for identifying expected annual purchasing requirements during the annual budget preparation cycle.**

The Purchasing Unit will review forecasts with User Departments of major and minor purchasing activity. The various purchasing estimates, and any other information deemed necessary, are combined into a Bankwide purchasing plan.

**The keys to success in any tender are thorough planning and preparation of the technical specification, contracting strategy and, if possible, draft contract before the tender invitation is issued.** It is important to allow sufficient time for this planning and preparation phase, especially for complex projects.

**At the planning stage for tenders, for contracts with a major impact on the Bank's business (such as health and life insurance, catering and travel services) the Executive Committee will be informed by User Departments to allow interested or affected departments to have input into the design of the Scope of Works to be included within the tender documentation and the Executive Committee to exercise its judgement on key purchasing issues. Contracts above a level of £150,000 are considered per se as qualifying for such procedure.**

The User Department, should, wherever possible, notify the PU, in advance, of all purchases for which expedited processing (i.e. emergency or rapid delivery) is requested. **This should be done at the time the requirement is known.**

## **Early Notification**

**As soon as a detailed description of the required purchase is available,** the User Department should **make contact with the PU** and present a preliminary internal notification, which should include the following key data:

- **General description of the goods or services;**
- **Required delivery date;**
- **Estimated value of the contract;**
- **Source and availability of funding;**
- **Association with other Bank projects or contracts;**
- **Special circumstances; and**
- **Identification as a planned or unplanned (and unforeseen) requirement.**

## Purchasing Requests

For contracts estimated to **cost less than £5,000** the User Department may carry out the purchase **directly** providing a record is kept of the **reasons for using a particular supplier** and the SAP Purchase Order, authorised and distributed as required. These are also known as **User Generated Purchase Orders (UGPOs)**.

Purchase Orders for contracts of **£5,000** or more will **automatically** be routed to the PU via SAP for final authorisation by the Head of PU. The **differing methodologies** to be applied to purchases with a value of **£5,000 or more** are covered below under the heading **Competitive Purchasing**.

For every purchase request, the PU will open a **Purchase Order file**. The purchase order file includes, as applicable, all **written forms, quotations, tenders, correspondence and documents** concerning the purchase.

Upon its receipt by the PU, a purchasing request is reviewed to:

- Determine whether it requires **expedited processing**;
- Ensure that all necessary information to **identify the requirement** is included with the request;
- Determine the **appropriate purchasing method**;
- Determine that the **time allowed** between the receipt of the request and the delivery date of the goods, or **commencement date** of the works or services, **provides sufficient** time for **potential suppliers to respond**, consistent with the magnitude and complexity of the request.

The PU will contact the User Department to clarify the request, as necessary.

## Competitive Purchasing

All purchases of **£5,000** or more should be awarded as a result of **competition** which is achieved through **telephone** or **written solicitation methods** selected and executed in accordance with the criteria outlined below. Exceptions to these **must be approved, in advance**, by the Head of PU and, additionally, by the PRC if their estimated value is **£150,000 or more**. **No Purchase Order shall be divided with the intent of reducing the value of the resulting contract(s) below the threshold values** the result of which is to circumvent the respective competitive requirements.

- Purchasing for contracts estimated to cost **£5,000 or more and less than £20,000** should be executed following quotations in response to a telephone or fax request from **not less than three** responsive suppliers. However, purchases of such value deemed by the Head of PU as having widespread impact on the Bank will be

required to be undertaken using **written solicitation** or **selective or open tendering**.

- Purchasing for contracts estimated to cost **£20,000 or more and less than £50,000** should be executed following the issue of a **written solicitation to a minimum of three** suppliers unless the **availability of qualified suppliers** within the market dictates that a lesser number be solicited.
- Construction or works contracts estimated to cost **less than £50,000** may be entered on the **basis of a joint ‘walk-through’** of the construction area (site) by the User Department with a **minimum of three** proposed qualified contractors followed by issuance of written solicitations to a minimum of three contractors.
- Purchasing for contracts estimated to cost **£50,000 or more and less than £150,000** should be executed through **selective tendering** by issuing a **written solicitation to a minimum of five suppliers**, unless the availability of qualified suppliers within the market dictates that a lesser number be solicited. Wherever appropriate shortlists should include **at least two suppliers** from outside the UK.
- Purchasing for contracts of **£150,000 and over** should be executed through **open tendering**. This will require national/international advertising and will normally include tender opening in the presence of tenderers’ representatives who wish to attend. **Pre-qualification** may be undertaken to ensure, in advance of competition, that written solicitations are extended only to those suppliers who are fully capable of providing the required goods or services. A **mid-tender meeting** may be arranged whereby potential tenderers may meet with the Bank to seek clarifications.

Efforts should be made to give suppliers **from the Bank’s Countries of Operation** the **opportunity to participate in the Bank’s competitive tenders**.

## **Written Solicitation**

A **written solicitation** is issued to prospective suppliers. The Head of PU determines whether to use an **Invitation to Tender (ITT)**, or **Request for Proposal (RFP)**. An ITT is appropriate when a **requirement is clearly and completely defined** and the basis for award is primarily pricing. An RFP is normally used when the **requirement cannot be clearly and completely specified** or if **detailed technical evaluations are to be performed**. Depending on the nature, complexity and cost of the purchase, the written solicitation should normally include a **Scope of Work** (as previously defined), **price sheet** or optional questionnaire, **Compliance Statement**, proposed **contract terms and conditions**, **evaluation weighting**, and other items deemed necessary for tenderers in preparing their tender submission. If applicable, **and before issuing a written solicitation under competitive tendering**, a **Tender Evaluation Panel (TEP)** should be established **for all contracts of £50,000 or more**. The TEP is responsible for establishing the evaluation **weighting and criteria** included in the solicitation and will **review and evaluate** the tender of **each fully responsive tenderer** in accordance with the pre-established **evaluation criteria**.

The solicitation is distributed to tenderers by **fax or mail**, or may be **collected** by tenderers. Tenderers' **verbal or written questions** that **directly relate** to the content of the solicitation will be answered. Questions that materially differ from the solicitation will not be entertained. All **questions and answers** provided to one tenderer **must be put in writing** and will be **distributed to all tenderers** receiving the solicitation.

## **Preparation of Documentation**

User Departments are responsible for the development of the **Scope of Work and Technical Specifications**. The PU will review these for **clarity, completeness and adherence to the Policy**. Care should be taken by the User Department to ensure that Technical Specifications do not discriminate among suppliers and that they **adequately define the requirement** in terms of **performance** parameters.

## **Legal Status of the Bank**

Care must be taken in the drafting of contracts and other documents due to the status of the Bank as an international financial institution established by international treaty and accorded certain **legal immunities, privileges and exemptions**. Contracts which have been developed by the Bank take into account the Bank's international status. Any **draft contract or agreement** provided by a supplier rather than the Bank **must be reviewed by the PU/OGC** to ensure that the terms are acceptable to the Bank.

When goods or services are purchased for the benefit of a Resident Office (RO) the PU will seek assistance from the RO regarding the correct application of local legislation.

Further details are available from the Office of the General Counsel (OGC) and the PU as appropriate.

## **Price Adjustment**

The solicitation will state either that **tender prices** must be **fixed** or that **price adjustments** (upwards or downwards) will be considered (for instance if changes occur in major cost components of the contract such as labour, equipment, materials and fuel). Price adjustment provisions are usually not necessary for simple contracts involving delivery of goods or services within about a year, but may be included in contracts that extend over several years. It is normal commercial practice to **obtain firm prices** for most types of equipment **regardless of the delivery time** and, in such cases, price adjustment provisions are not required.

## Open Tendering

The following procedures **apply to purchases** with a value of **£150,000** or more but may be applied to **lower value contracts** at the discretion of the Head of PU.

## Advertised Competition

All proposed contracts estimated to **cost £150,000 or more** will be **advertised**, in the supplement to the *Official Journal of the European Communities*, on the Bank's *Procurement Opportunities* pages on the Bank's internet site ([www.ebrd.com](http://www.ebrd.com)) and, if appropriate, in other relevant **international publications**. Advertisements must be placed to **provide sufficient time** before solicitation closes for prospective tenderers to acquire the tender documents and request additional information if necessary.

A **minimum response** period of **two** weeks should be allowed for **pre-qualification** and **three** weeks for tenders. Larger complex tenders will normally require a **four to eight week tender response period** from issue of the solicitation.

## Pre-Qualification

To ensure that tender documents are forwarded **only to suppliers** having the capacity and resources to perform the contract satisfactorily, a **pre-qualification process** may be undertaken for **major contracts**, estimated to cost **£150,000** or more. Evaluation of the responses received will be undertaken by a **pre-qualification panel**, established in a manner similar to the TEP, **based on predetermined criteria** covering details of the tenderer's **organisational and financial structure** and capabilities as well as a list of **previous similar work carried out** and **client references**. **All suppliers that successfully pre-qualify will be invited to submit a tender.**

## Mid-Tender Meeting

Following the issue of the tender documents, and prior to the receipt of tenders, a **mid-tender meeting** may be held for purchases of goods and services expected to cost £150,000 or more and for other purchases **requiring on-site review** by potential tenderers. The mid-tender meeting is an **open forum** meeting at which interested parties may ask questions related to the tender in question. Notes of the meeting together with **questions received and answers given** will be **published and forwarded to all tenderers by the PU shortly after** the mid-tender meeting.

## Opening and Inspection of Tenders

All tenders received shall be **date stamped** and **kept securely by the PU until tender opening** at the time specified in the tender documentation. **The time specified for tender opening should be the same as the closing date or promptly thereafter.** The Post Room should be advised in advance that a specific tender is expected on a particular date.

All tenders will be logged by the PU on a **tender log sheet**. **Tenders received after the closing date specified for the submission of tenders will not be considered.**

Tenders in response to an ITT for contracts estimated to **cost £150,000 or more** should be opened in the presence of **two members of the PU** and any tenderers representatives who wish to attend. The **name of the tenderer** and **total amount of each tender** will be announced and recorded. Proposals submitted in response to an RFP **will not be opened publicly**.

Unless specifically authorised by the Vice President Evaluation & Operational and Environmental Support, tenders **will only be accepted** if received in **hard copy**.

The TEP will briefly review tenders for **completeness, mathematical accuracy** and **responsiveness** to the tender documents. Only those tenders that are substantially responsive to the tender documents **will be considered further in the tender evaluation process**.

## Changes to Tenders

Tenderers **will not be permitted** to alter tenders **after they have been opened**. Clarifications that **will not change the substance** of the tender may be requested by the PU and accepted for review by the TEP.

## Evaluation of Tenders

A supplier is selected **in accordance with the basis for award specified in the solicitation**.

Following the tender opening and initial checking, tenders will be distributed to the TEP for review and evaluation in accordance with the **established evaluation criteria** detailed within the tender documentation.

For purchases **in response to an ITT** (usually standard “off-the-shelf” products or works), the award should be made to the tenderer which has been determined to be responsive and qualified, and which offers the **lowest evaluated price**.

For purchases **in response to an RFP** (primarily services or technically complex goods) the award should be made to the tenderer which offers the **best overall combination of technical qualifications** and **evaluated price**. Pre-established weights, as detailed in the tender documentation, are applied for **technical features** and to the **tenderer’s financial tender** to

generate a **composite score**. The tenderer with the **highest composite score** will be recommended for award of the contract.

The technical evaluation is undertaken independently and free from the influence of price. A two-envelope procedure is utilised whereby the **technical** and **financial tenders** are submitted in separate **sealed envelopes**. **Only those tenderers** whose technical tenders meet the **minimum qualifying technical marks specified in the solicitation** will have their **financial tenders opened** and evaluated.

Prior to making the **award recommendation**, the TEP shall determine whether the tenderer with the highest composite score **has the capability and resources to perform the contract satisfactorily based on predetermined criteria** (see pre-qualification). If the recommended award is not to the tenderer with the **highest composite score**, **the TEP's rationale for this decision will be documented** and **approval will be obtained from the PRC**.

## **Rejection of Tenders**

As stated in the tender document, **the Bank reserves the right to reject any or all tenders without recourse**, to request substantiation and/or clarification of any or all information received, and to ask for interviews with the tenderer if deemed necessary. The Head of PU will **review and approve each decision to reject all tenders**. All tenders may be rejected under any of the following or other conditions:

- Lowest evaluated tender exceeds the cost estimates by a substantial amount;
- Tenders received are not responsive to the content of the solicitation;
- There is a lack of competition;
- The basis for the original solicitation no longer exists;
- There is evidence of collusion among tenderers.

The Head of PU will notify the PRC of all instances where all tenders are rejected.

## **Award of Contract**

Prior to the award of the contract being made, **approval from the appropriate parties must be obtained** depending on the value of the contract.

Review of **legal aspects** by OGC with or without outside counsel (as appropriate) is required for contracts meeting one or more of the following criteria:

- **Highly visible contracts** which may include **critical services** affecting a **broad spectrum of Bank staff**, a large number of contractor's staff operating on Bank premises, or control of contractor's staff under assumed or directed supervision by



Bank staff;

- Contracts with a value of **more than £150,000**;
- Any other contract determined by the Head of PU, or the Vice President Evaluation and Operational & Environmental Support, to warrant such review.

The **PRC** will review **all proposed awards** in excess of **£150,000** and any other proposed awards **identified by the Head of PU** warranting such review (e.g., extension of labour contracts, small initial awards which may lead to major value contracts, or questionable purchasing).

For all written solicitations, PU provides written notification to the selected supplier as well as to all other tenderers.

Contracts and purchase orders will be reviewed, approved and executed by the appropriate level signature authority as specified in Paragraph A of the Annex (Designation of Signatories) to the Administrative Order on Signature of Written Instruments.

## **Contract Administration**

Contract administration is a **very important function** of the PU and **consists of a series of activities** including the following:

- **Notification of award** of contract to the successful tenderer as well as to all other unsuccessful tenderers.
- **Generation, finalisation and issue of contracts** in co-ordination with OGC with or without outside counsel (as appropriate);
- **Issuing formal changes** to existing contracts to amend the scope of work, period of performance, or pricing provisions;
- Regularly **reviewing supplier performance** and current contract status, including meeting periodically with the supplier's management;
- **Resolving supplier's performance problems** and making determinations on contractor's claims and other requests for changes;
- **Compiling statistical data** relating to the origin of goods and services purchased by the Bank.

In some cases the following functions will be performed by the User Department:

- **Monitoring the supplier's performance** periodically to ensure adherence to the contractual terms and conditions;

- **Approving changes in the performance requirements** within the general scope of the contract and without affecting the contract price;
- **Reviewing and recommending approval or disapproval** to the Head of PU of all changes which modify the contractual scope or price or both (Contract Amendments);
- **Participating in performance reviews** conducted in co-ordination with the PU.

## **Debriefing Unsuccessful Tenderers**

A debriefing may be conducted upon **written request** from an **unsuccessful tenderer** to the Head of PU.

Debriefings will be undertaken **on Bank premises** by the Head of PU, the responsible Purchasing Specialist together with a representative from the User Department and any other participants nominated by the Head of PU. The scope of the debriefing is **limited to identifying the technical deficiencies or weaknesses** of the tenderer's tender.

## **Complaints**

Any complaints relating to the tendering procedures or contract awards should be **made in writing** to, and will be handled by, the Head of PU. Such complaints will be notified to the PRC. For contract awards **in excess of £150,000** complaints **will be referred to the PRC for comment** on the proposals made by the Head of PU.

## **Payment**

Payment authority consistent with the Bank's administrative and finance policies **will be clearly established for each Contract**, so as to ensure adequate checks and controls, and ensure an audit trail in the Purchase Order file.

## Annex 1

### Terms of Reference of the Purchasing Review Committee

#### Purpose

The Purchasing Review Committee (PRC) provides an **independent review** of the recommendations for all major awards estimated to cost **£150,000 and over** and selected other awards. The objective of this review is to **advise the Vice President Evaluation and Operational & Environmental Support** and to ensure that:

- The decision to award a contract to a specific tenderer is **adequately justified and documented**;
- The Bank's **established purchasing policies and procedures are being followed**.

Additionally, the PRC reviews **exceptions to competitive purchasing** for contracts of more than £50,000, advises on any **recommended changes** in Bank purchasing policies and procedures and any other **relevant directives** and **periodically reviews selected contract awards of less than £150,000** to ensure that transparency is maintained.

**The observations and recommendations of the PRC are advisory to the Vice President Evaluation and Operational & Environmental Support, with whom the final purchasing decision rests.**

#### Composition of the PRC

The PRC will consist of representatives from the Office of the General Counsel (OGC), Strategic and Corporate Planning and Budgeting, the Procurement Department, and the Head of PU who will act as an ex-officio non-voting member. Each of the departments represented will also have **alternate representatives** designated who will participate when the primary representative for a department is unable to attend.

The Executive Committee appoints the **Chair** of the Committee. The Vice President, Evaluation and Operational & Environmental Support, **will appoint the members and alternates** of the **PRC** from candidates **nominated by the respective departments**, and appoint the **Alternate Chair** from candidates **nominated by the PRC members**. A **minimum of three members** or their alternates is required to review recommended awards.

In order to maintain continuity of PRC membership, designated departments will nominate representatives with the expectation that they will **generally serve for a minimum one-year term**. A system of **staggered rotation** will be followed so that only a **small proportion** of the committee's membership will change in any one year.

## PRC Meetings and Other Activity

Depending upon the purchasing workload, PRC meetings will be called at the discretion of the Chair or at the request of the Head of PU.

At the discretion of the Chair, recommended awards **may be considered by the PRC** members **without meeting**, and members will forward their endorsement or comments to the Head of PU.

## Operating Procedures

The PRC operating procedures are as follows:

- At least **48 hours before each regularly** scheduled or specially called meeting, the PU will provide the PRC members with copies of the **tender documents**, its **analysis** of the tenders and **recommendation** for award, and any other relevant information on the purchasing action being considered.
- If a **represented department's** member or alternate are **not able to attend** a PRC meeting, that department's representative (or alternate) will try to **review the relevant award documentation** and give advice to the **Chair before the meeting**.
- Any PRC member having a **personal, financial, or other interest in any way in the outcome of an award**, or who has **actively participated in the development of the award recommendation**, will declare that interest or participation and **abstain from participation as a PRC member** on that particular award. The member's alternate will then participate in the review of that particular award recommendation.
- The PU will make a **brief report** on the **recommendations** and **observations** of the PRC, including the numbers of members voting for or against the award and their reasons for doing so.
- **The PRC Chair will inform the Vice President Evaluation and Operational & Environmental Support promptly** after a meeting when the PRC has **not agreed with a recommendation on a particular award**.
- Copies of all above-mentioned documentation pertaining to the award **will be kept in the relevant physical purchase order file** to facilitate subsequent review and audit for a period of time as long as the life of any resulting contract and a reasonable period thereafter (minimum 2 years). This may be varied on a case by case basis.