



On this issue:

- Borrowers Guide
- Case Study
- Success Story: Pro-Joven
- Procurement Ex post Review
- Mandatory Procurement Plan
- Recommended Documents

WELCOME

The Editorial Committee is pleased to present the new Procurement Newsletter addressed to Executors. This quarterly publication was initiated as a result of the interest of some executing agencies on other agencies' activities in the Region. Therefore, its objective is to provide for a constant exchange of information and experiences. We want to offer Executing Agencies an opportunity to participate in a constant exchange of information and experiences in procurement related matters as well as a venue for sharing experiences with IDB – financed projects.

Published articles are solely informative and do not represent an official statement of the IADB.

Borrowers Guide when the Bank finances

By Carlos Lago
Principal Procurement Specialist
HQ

This document, as its name states, is a guide for borrowers and executors on procurement of projects financed by the Bank (part I), planning and execution of procurement (part II) and it includes interactive tools useful to develop the first two parts of the document (part III). Among other things, this guide includes the Procurement Policies and the Standard Bidding Documents. The Guide can be accessed through the Procurement Portal at www.iadb.org/procurement on "Tools".

Case Study

By Eugenio Hillman
Principal Procurement Specialist
HQ

The Standard Bidding Documents for the procurement of hardware and software included an 18 month delivery and installation plan. It was determined that the price of the offers would be adjustable. The firm to which the contract was awarded requested that the price be adjusted due to the changes in the cost of the equipment.

Is it acceptable under the [Bank's Policies for the Procurement of Goods and Works financed by the IADB?](#)

To review the answer, please look on the next page...

Test your Knowledge...

In an International Competitive Bidding for the procurement of goods finance by the Bank, which terms of the INCOTERMS are used to compare the bids?

Wait for the answer on the next newsletter....

Sharing Experiences

By Karina Diaz
Procurement Specialist
Peru

<http://www.projoven.gob.pe>



It is said that we are what we eat. Making an analogy of this phrase with the Executing Agencies, we may say they are what their personnel does.

In countries like ours, where we constantly work in the creation of solid institutional capacity, the Executing Agencies are influenced by the entity's activities. A project may be executed perfectly as long as it complies with the entity's or sector's institutional objectives, as well as if it is politically wanted, in the best sense.

Experience has shown that we may do a lot of the adequate people are in charge of the project's execution. They may achieve that an "unwanted" project becomes the star of the sector.

PROJOVEN, is an entity dependant from the Labor Sector which encountered difficult moments throughout its execution. But having a Project manager with technical, managerial and political abilities, a Procurement Specialist who not only knew of procurement, but also had management knowledge, a planner and a financial office achieved a successful execution during 2007, taking into consideration that 8 months before the project was almost cancelled.

Commitment to the program held this group together, therefore being presented to authorities as a viable program and with potential to be successful. It got the support it needed to have a good execution. The search for results and fiduciary controls gave the program structure, and provided for educational courses awards for 100% of the original amount.

This does not guarantee the inexistence of problems, but it does allow for such problems to be handled in the best possible manner.

The importance of clearly defined profiles for key positions in the Project (defining competences and establishing management effectiveness and result indicators), the inclusion of competitive selection methods (public and not by invitation), and including safeties that protect the program in case changes that may not respond to the program execution standard must be highlighted.

During 2007, the INTER-AMERICAN DEVELOPMENT BANK approved ninety nine operations equaling nine billion six hundred million dollars –

Press Release
December 20, 2007

Procurement Ex – Post Review

By *Cristóbal Silva*
Principal Procurement Specialist
Headquarters

Ex–post supervision for procurement processes during the execution of projects, requires for the Bank to conduct a review of the purchases carried out by the Executing Agencies, either based on a sample of purchases, either by reviewing each and everyone of the said purchases that have been allowed under an autonomous regime. By way of such review, the Bank verifies that the activities under review were conducted in conformity with the procedures as stated in the Loan Agreement and the Procurement Plan approved by the Bank.

The Executing Agencies that have shown adequate institutional capacity to monitor procurement processes in a reliable way and in compliance with the main procurement principles foreseen in the Bank's Policies and Procedures will be able to use this modality. It is thus cardinal to ensure that the evaluation of the institutional capacity of the Executing Agencies to execute the project be ascertained during the preparation phase of the operation at stake.

The new Framework for the Organization of the Procurement Function in the Bank (GN-2306-6) (as approved in December 2005) promotes the evaluation of the readiness of the existing "Country Procurement Systems" in order to progressively increase their use and lead to conducting ex-post supervisions in the majority of the projects. In general, ex–post supervision is used in procurement processes which estimated amounts are under the "[Threshold](#)".

In the event the Bank considered that the Executing Agency did not comply with the existing Bank's Policies and Procedures for ex–post supervision, it could decide not to finance the contracts, or may request that the Beneficiary reimbursed all disbursed funds. The Bank may also declare ineligible payments of counterparts that would otherwise be eligible if the said counterparts participated in the defective procurement process under scrutiny.

Did you know?...

When using Standard Bidding Documents for Small Works, if you use the lump sum contract, you must replace the document containing the "Bill of Quantities" for the "Schedule of activities"?

Answer to the Practical Case

It is possible; Section 2.24 of the [Policies](#) indicates that the Standard Bidding Documents must specify if the prices included in the offers are fixed or adjustable. Price adjustments make take place as a consequence of changes in the major components of the contract costs, such as labor, equipment, materials and gas. It is recommended that contracts having a time frame longer than 18 months include adjustable prices.

Presenting a Procurement Plan is Mandatory

By *Juan Carlos Martell*
Principal Procurement Specialist
Guatemala

Paragraph 1.16 of the Policies for the procurement of Goods and Works ([GN-2349](#)) and paragraph 1.22 of the Policies for the Selection and contracting of Consulting Services ([GN-2350](#)) foresee an obligation to include a procurement plan in every project.

The Procurement Plan serves three distinct purposes: 1) it helps the Executor to allocate resources and program activities related to procurement; 2) allows for the Bank to carry out an organized and systematic supervision of the procurement procedures and 3) it informs interested parties of business opportunities existing under the projects financed by the Bank.

In order to access the three Procurement Plan templates click on each templates name: i) [Model A for specific projects](#); ii) [Model B for programmatic, global or multisector projects](#); and iii) [Simplified Model for Technical Cooperation \(TC\) under US\\$150,000](#).

Recommended Documents

By *Tomás Socías*
Principal Procurement Specialist
Headquarters

For your easy access we are providing a list with the frequently used documents in project procurement activities. To access the list, [click here](#).

We recommend that you print a copy of these documents and store them together in a folder for easy access. You may access this and other relevant information on our Procurement Portal on the Internet at www.iadb.org/procurement