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WELCOME

The Editorial Committee of the Project Procurement Office is pleased to present the second issue of the Procurement Newsletter addressed to Executing Agencies. This quarterly publication's objective is to offer Executing Agencies an opportunity to participate in a constant exchange of information and experiences with IDB – financed projects.

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

Case Study Consulting Services: Value Added Tax (VAT) and Income Tax (Protest)

By: *Eugenio Hillman*

*Principal Procurement Specialist
HQ*

Firm "A" submitted a protest against its disqualification from an International Competitive Bidding (ICB). The Executing Agency disqualified Firm "A's" Price Proposal as they did not comply with the required detail on the taxes (Value Added Tax – VAT – and Income Tax).

Firm "A's" and two other bidders proposals were considered non compliant with the required detail to specify the proposal amount prior to taxes and after taxes.

The three disqualified bidders presented their protests against their disqualification but only Firm "A" forwarded their protest to the Bank.

Firm "A's" proposal was in fact 20% lower than the one of the winning Bidder. The Executing Agency did not accept the protests.

Answer to the previous "Test your knowledge..."

The term recommended to be used in an International Competitive Bidding for the procurement of goods, when comparing the price proposals is CIP (Carriage and insurance paid to named place of destination). See [SBD Goods numeral 14.5](#)

Sharing Experiences

CARIBBEAN REGIONAL NEGOTIATING MACHINERY

Joan Gurthrie

www.crmn.org



WIDENING YOUR NET!

ATN/MT –8694-RG: Strengthening the Private Sector's Role in CARICOM's External Trade Negotiations.

The Caribbean Regional Negotiating Machinery (CRNM), the Executing Agency, was finding it difficult to secure interest from a sufficient number of suitable individual consultants and firms to tender for consultancy services under the project.

- To ensure a wider participation from eligible consultants in the region, the Executing Agency placed short advertisements in newspapers of not only Barbados (where it is located) but also of Trinidad and Tobago, Jamaica and Guyana. The full texts of the Requests for Expressions of Interest were also placed on the United Nations Development Business Online through the IADB. The advertisements referred consultants to the Executing Agency's Website for further information. As a result, responses were received from consultants from the Caribbean (Trinidad, Jamaica, Puerto Rico and the Dominican Republic) as well as US, Canada and Europe.
- CRNM also needed a consultant based in Suriname. The Projects Specialist at the Country Office in Barbados contacted the IDB's Country Office in Suriname to have the advertisement translated into Dutch and placed in the main newspaper in Suriname. As a result a few consultants responded and one of them was hired. The Executing Agency then refunded the Country Office in Suriname for the advertisement, routing the payment through the Country Office on Barbados.

The IDB announced today a \$500 million credit line to help countries ease the economical and social impact of rising food prices in the Region.

Press Release May 27, 2008

Test your knowledge...

Pursuant with the IDB's Procurement Policies, in how many currencies can a Bidder presents its bid?

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

Why is it important to have a well-prepared Procurement Plan?

By *Susan Kolodin*
Social Development Senior Specialist
HQ

The Procurement Plan (PP) is more than a simple listing of goods, works and services that will be purchased during the life of the project. The PP must be structured in such a way that it corresponds to the objectives of the project, the critical roadmap, or to the general scheme used to set a schedule of achievements. The PP serves the following functions:

1. Help the project team (of the country and the Bank) to organize, structure and establish a list of priorities for the execution of the project provided that, in carrying out the project, need be for the purchase of goods, works or services for each component. There are different proceedings and deadlines for each procurement operation, which requires that the said operations be planned in advance;
2. Help understanding the sequence and the link between what will be acquired and the achievement of the objectives set for each period;
3. Help in budget planning and disbursements. It is easier to schedule payments and disbursements, or the annual budget and identify the needs of the counterpart once the items to be acquired are identified, when they will be acquired, their price and how long the operation of acquisition will take. Thus, the relation with ministry of finance is strengthened as it gives a clearer vision for financial planning;
4. Help in planning the real schedule of execution of the project, in order to define milestones. The deadlines necessary for the procurement processes condition the deadlines for these milestones

Did you know?...

That the General Procurement Notice (GPN) must be published in the United Nations Development Business "UNDB" and in the IDB [Procurement Portal](#) within 30 days of the project's approval.

Answer to the Practical Case

Considerations: The decision emitted by the EA does not reflect the Bank's procurement policies. The tax amount should not be taken into account for evaluation and comparison purposes. The tax total is not relevant on the total amount of the offer. There is no communication from the EA that clearly states that the Price Proposal doesn't comply with the proposed amounts, it is only mentioned that it lacks detail on the taxes considered. The Project Procurement Committee accepted Firm "A's" protest and recommended that the EA reviewed the other two Price Proposals which had been rejected on the same grounds

List of individuals and firms sanctioned by the Bank

By *Editorial Committee*

When firms or individuals are found to have engaged in [fraud, corruption, collusion or coercion](#), these persons or entities may be subject to an administrative sanction that may include debarment. Debarred persons and entities are declared ineligible to be awarded an IDB-financed contract. Debarment may be permanent or temporary, and is meant to prevent and deter fraud and corruption in Bank-financed activities. The IDB has published on its web page the [list of sanctioned individuals and firms](#) by the Sanctions Committee of the bank. This list may be accessed through the [IDB's webpage](#), clicking on "Combating Corruption" and then on "List of Sanctions."

Governmental Procurement (e-GP) Systems accepted by the IDB

Por *Carlos Lago*
Principal Procurement Specialist
HQ

e-GP systems are information technology systems used by Governments to procure works, goods and Consulting services required by the public sector.

The IDB encourages Governments to continue developing and implanting e -GP Systems. But, in order to have said Systems accepted by the Bank, these must be compatible with the Bank's procurement policies and they must also comply with the standards required agreed to by the Multilateral Development Banks (BMD).

For more information go to:

<http://www.mdb-egp.org/ui/english/pages/map.aspx>

[Click here](#) to access a list of e-GP systems accepted by the IDB.